Austria	Sch. 18	Indonesia	Rp 2700	Portugal	Esc 80
Bahrain	Din 0.650	Italy	L 1300	S. Arabia	Rls 5.00
Belgium	BFr 39	Japan	Y650	Singapore	S$ 4.10
Canada	C$1.00	Jordan	Fils 500	Spain	Pta 110
Cyprus	C£0.60	Kuwait	Fils 500	Sri Lanka	Rup 25
Denmark	DKr 7.25	Lebanon	L£ 6.00	Sweden	SKr 6.50
Egypt	E£1.00	Luxembourg	LFr 38	Switzerland	SFr 2.20
Finland	Fmk 6.00	Malaysia	Rm 4.75	Taiwan	NT$ 35
France	Fr 6.00	Mexico	Pes 300	Tunisia	Din 0.600
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 210
Greece	Dr 70	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	NKr 6.00	U.S.A.	$1.50
India	Rup 15	Philippines	Pes 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Brazil: new realism in debt talks with IMF, Page 20

World news

Iraq steps up air strikes in Gulf War

Iraq continued heavy air strikes on Iranian towns amid increasing international concern about the latest flare-up in Gulf War fighting.

Baghdad and Tehran were also *hit in retaliatory attacks* which appeared from official reports to be some of the most concentrated raids so far in the 56-month-old war.

Iraq said more than 50 aircraft attacked six Iranian towns near the *border between the two countries.* In earlier strikes 63 aircraft had hit eight towns and military camps. Iran said it fired a surface-to-surface missile at Baghdad. Page 6

UK rights violation

Britain was found guilty of violating the Human Rights Convention by imposing immigration restrictions judged to discriminate against women. Page 8

EEC farm harmony

EEC farm ministers showed a rare display of public harmony by accepting that the crisis facing the Common Agricultural Policy demanded a wide-ranging review to *ensure its survival.* Page 22

Kuwait clampdown

Kuwait has suspended temporarily the issue of entry visas and residence permits for foreigners *wanting to work in the Gulf state* as part of tighter security measures after the weekend's car bomb attack on its ruler.

Johannesburg bomb

At least six people were injured in an explosion at the South African Defence Force medical offices in central Johannesburg. The bomb squad was investigating.

Sinai hopes

Egypt and Israel open new talks tomorrow with signs of a possible *breakthrough in their border dispute* over the Taba enclave in Sinai, diplomats said.

Italian referendum

Italy's referendum on wage indexation, scheduled for June 9 and 10, now looks certain to go ahead *following the failure of last-minute efforts* by the Government to achieve an agreement on the reform of the *scala mobile* wage indexation system. Page 22

Karachi unrest

Pakistani troops patrolling western Karachi were ordered to shoot curfew breakers on sight as unrest provoked by ethnic tension spread to other parts of the city.

Sabotage claim

Mozambique's *state-run radio* has said direct or indirect sabotage acts by neighbouring South Africa had killed 150 Mozambican rail workers since 1982.

Submissions burnt

About 2,500 written submissions by Hong Kong people on the accord under which the British territory is to revert to China in 1997 were destroyed *to allay fears they might* fall into Chinese hands.

China reform

China abolished free *higher education* and linked students' incomes to academic *performance* in a sweeping educational reform that also gave universities greater freedom from government control.

Death-squad hunt

Argentina has launched a full-scale hunt to end a wave of crimes by an estimated 150 members of paramilitary death squads created by former right-wing military governments.

Business summary

Alfa and GM in talks on car deal

ALFA ROMEO, the *loss-making* Italian car maker, is in talks with General Motors which may lead to GM taking a small stake in the Milan-based group or perhaps to joint production of a new car. Page 22

DOLLAR was higher in London, rising to DM 3.1130 (DM 3.0920); SwFr 2.6185 (SwFr 2.6055); FFr 9.4850 *(FFr 9.4350) and Y251.55 (Y251.05).* On Bank of England figures, the dollar's exchange-rate index rose to 146.8 from 146.0. Page 45

STERLING fell in London to close at $1.2515 ($1.2600). It rose to DM 3.8950 (DM 3.89) and SwFr 3.2825 (SwFr 3.2775). It fell to FFr 11.8650 (FFr 11.8725) and Y314.75 (Y316.50). The pound's exchange index fell 0.1 to 79.0. Page 45

WALL STREET: The Dow Jones industrial average closed 0.45 down at *1,301.52. Section III*

LONDON investors pushed prices *higher during late trading. The FT* Ordinary share index ended 4.9 up at *1,006.5. Section III*

TOKYO share prices continued to *improve. The Nikkei-Dow average* added 52.20 to 12,694.93. Section III

GOLD fell $5 on the London bullion market to close at $309.75. It also *fell in Zurich to $311.25* from $314.975. In New York, the Comex June settlement was $310.30. Page 44

JAPAN'S Finance Ministry will allow offshore subsidiaries of Japanese companies to issue *zero-coupon* bonds, provided proceeds are used overseas and at least two thirds of bonds are sold to non-residents. Page 26

SWEDISH prices are rising so fast the Government has no hope of meeting its target of reducing inflation to 3 per cent by the end of the year – a *blow to the ruling Social* Democrats four months before the general election. Page 2

OSLO stock exchange yesterday suspended dealings in the shares of Kosmos and Borregaard, two leading Norwegian industrial companies, following rumours of a possible merger. Page 23

WEST German Federal Credit Supervisory Office suspended operations in Bankhaus Schneider und Münzing, a private Munich bank, *after discovering major credit risks* not provided for in the accounts. Page 23

TRANS WORLD Corporation, the U.S. *group which spun off its airline* operations to shareholders last year, is seeking a buyer for its Century 21 Real Estate subsidiary. Page 23

ALLIED-LYONS, British brewing, hotel and food group, raised pre-tax profits by £24.1m to £219m ($274m) for the year to March 2. Page 30; Lex, Page 22

COURTAULDS, British textile group, lifted taxable profits 6.8 per cent to £128.2m ($160m) for the year to March 31; the demand for fibres fell sharply. Page 30; Lex, Page 22

ABU DHABI *International* Petroleum Investment Corporation is *studying four downstream* oil investments in Europe and the U.S.

IMPORTED CARS will take an increasing share of the U.S. market in coming years, with about 100,000 manufacturing jobs lost as a result, the Commerce Department estimated. Page 5

SINCLAIR RESEARCH, the *financially* troubled UK computer group, denied that its British market had collapsed. It predicted only a small fall in sales this year. Page 8

KREDIETBANK, third largest Belgian commercial bank, lifted profits 19.7 per cent to BFr 2.28bn ($36.74m) and is increasing its dividend from BFr 387 to BFr 414. Page 24

AKZO, Dutch chemicals group, has bought a 65 per cent stake in Levis, Belgium's biggest paintmaker. Page 23

Palestinians counter-attack as peace move stalls

PALESTINIAN guerrillas yesterday launched a determined counter-attack against Shia militiamen in all three besieged camps in the *southern outskirts of Beirut as Syrian* efforts to bring about a ceasefire remained badly deadlocked, **write Nora Boustany in Beirut and Tony Walker in Damascus.**

Despite claims that the Amal movement had consolidated its *control over Sabra and Chatila refugee* camps, its fighters, backed by the Lebanese Army's Shia Sixth Brigade, used rockets and machine guns in an effort to beat off the counter-attack by the beleaguered guerrillas.

Palestinians were reported to have killed 12 Shia militiamen and six soldiers in a pre-dawn assault on an *Amal-held* hospital on the edge of Sabra.

Fighting also continued at the larger and better-defended Bourj Barajaneh camp near the airport where the International Red Cross *managed to evacuate* 14 *wounded* Palestinians before the operation was aborted as the team and its ambulances came under fire with the breakdown of a short-lived cease*fire.*

It was learnt in Damascus, meanwhile, *that Syrian soldiers had* intervened to stop fighting earlier this week between Palestinians and Shia forces near Baalbek in northern central area of the country.

Renewed hostilities on the tenth day of the bitter conflict around the hospital at Sabra showed that Amal was still far from a complete victory there over its Palestinian adversaries, masters of guerrilla warfare.

Underground tunnels linking the densely-populated Bourj Barajneh camp with Sabra and Chatila have helped the Palestinians hold out *and to suprise the besieging force* with unexpected counter-attacks.

Mr Nabih Berri, Amal's leader

Still frustrated in its attempt to win total control of the camps and eliminate the guerrilla armed presence around Beirut, Amal yester*day reacted angrily to reports of* cruelty by its men and maltreatment of Palestinian hospital patients.

At a press conference Mr Akef Haidar, a member of the Shia movement's leadership claimed *that the Palestinians had* been equally cold-blooded. He claimed that their sympathisers gave drugged tea to Amal fighters and soldiers of the sixth Brigade guarding Sabra hospital.

Syrian concern about the possibility of fighting spreading to other parts of Lebanon was indicated by the long meeting in Damascus on *Monday between President Hafez* al Assad and Mr Mustapha Saad, leader of the Sunni Moslem Nasserite Popular Organisation, the dominant political force in the port city of Sidon. There has been tension in *nearby Palestinian camps.*

A representative of Mr Nabih Berri, Amal's leader, was expected to return to Damascus from Beirut where he reported on earlier talks *with Syrian and Palestinian* officials.

The main sticking point continues to be the question of which militia would have responsibility for the security of the camps *if* and when a ceasefire should come into effect.

Amal has said that it is ready for any peace proposals provided that they call for disarming the camps.

Leaders of the Syrian-backed

Continued on Page 22

Brutal logic of bloodshed, Page 6; Editorial comment, Page 20

Britain may face EEC legal test on oil licences

BY DOMINIC LAWSON IN LONDON

THE EUROPEAN Commission will *bring proceedings against the British* Government at the European Court, unless the UK changes its oil licensing rules.

The Commission appears convinced that several of the conditions governing the award of licences to explore for and develop oil and gas on the UK continental *shelf are in breach of the Treaty of* Rome.

The move comes at a time when the UK Energy Department has come under fire from the U.S. Government for allegedly putting pressure on the Shell/Esso North Sea *consortium to give North Sea contracts* to UK companies rather than U.S. companies such as Bechtel.

Mr George Shultz, the U.S. Secretary of State and a director of Bechtel, is believed to have complained to Mrs Margaret Thatcher, the Brit*ish Prime Minister.*

The European Commission, however, is concerned with the whole regulatory framework of licence awards. *The Commission wants to* see two rules in particular scrapped.

The first, more general one, says awards of licences will be conditional on the extent to which the applicant has plans to benefit the UK economy and the UK *balance of* payments. That has been a licensing condition for at least the past few offshore rounds.

The other clause says licences will be awarded on the basis of the extent to which applicants "have involved or plan to involve UK-owned and controlled organisations in the exploration, development and pro*duction of the UK continental shelf,* through the generation of new technology and the placement of research and development contracts in the UK."

The Commission feels these rules are a prima facie breach of articles *30, 52 and 59 of the Treaty of Rome.*

The rule governing "UK-owned and controlled companies" was an innovation in the recently completed ninth round of offshore oil and gas licences.

This reflected the concern of the *UK Energy Minister, Mr Alick Buchanan-Smith,* that UK industry was not getting the most out of the technology generated by North Sea oil.

The ninth round awards, announced last week, gave indepen*dent UK oil companies a larger* than expected share of the awards, while U.S. groups did not do as well. In defending itself against the European Commission, the Department is likely to point out that about 90 per cent of European com*panies applying in the round* were awarded at least one licence.

Tokyo may move to encourage imports

By Carla Rapoport in Tokyo

JAPAN is considering re-opening an emergency import programme to reduce mounting friction over the country's huge trade surplus *with Western nations.*

Government officials are understood to be discussing a range of measures – likely to be announced by the middle of next month – which may open the door further to importers of foreign goods into Ja*pan. The proposals are meant to* augment the market-opening measures announced by Mr Yasuhiro Nakasone, the Japanese Prime Minister, in April.

They will follow an announcement later this week by Japan's Ex*port-Import Bank that it is reducing* the interest rate on loans to companies importing various specified products from the West.

The designated goods are expected to include chemicals, aircraft, plant and machinery and rolling *stock. Consumer goods will be specifically excluded.* The new rate will be 6.8 per cent on yen-denominated loans against 7.1 per cent for imports of manufactured goods generally.

The nature of the proposed emer*gency import programme* is under debate between Japanese Government ministries. Among measures understood to be under consideration are:

- The establishment of a foreign-currency loan programme at favourable rates for those companies – including leasing companies – which agree to import certain designated Western goods;
- A further relaxation of the stan-

Continued on Page 22

Reagan to seek sweeping reform of tax system

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan was due to launch his ambitious plans for a fundamental reform of the U.S. tax code last night with a na*tionwide television appeal designed* to identify the Republican Party with a programme to cut individual taxes while raising more revenue from corporations.

The President yesterday began a series of briefings with his Cabinet *and Administration officials to discuss* the proposals but full details mave not yet been released to the public. Later in the week, Mr Reagan is scheduled to leave Washington to pitch for tax reform at a series of election-campaign-style rallies.

The President and his advisers are convinced that in backing a fundamental reform of the U.S. tax system, the White House will be able to breath new life into an Administration that has been on the *defensive in recent weeks.*

At the same time, Administration *political strategists* see an opportunity in the tax issue to lay the foundations for Republican gains among the millions of blue-collar workers who have traditionally voted Democrat but who are convinced, so opinion polls show, that the current tax code is *unfair* to the worker and too complex.

The broad outlines of the Administration's strategy were set out last November when the U.S. Treasury released a massive tax reform proposal which was widely praised by *academic tax experts. Mr James* Baker, Treasury secretary, and the White House have significantly modified important elements of that proposal in order to deflect some of the political opposition from interest groups who faced higher tax bills under that proposal.

But *the outline of a reform plan,* which would *lower tax rates* for individuals and companies but at the same time sweep more taxpayers into the net so that there will be no overall loss of tax revenues, remains in place.

The White House tax reform proposal will reduce from 14 to only three the number of tax brackets for individual tax payers with the top marginal rate dropping from 50 per cent to 35 per cent. The lowest rate would be set at 15 per cent.

As well as these cuts in marginal rates, the White House is planning to propose increases in standard individual tax deductions. Together these changes in personal tax levels and the overall reductions in individuals' tax bills will allow the Pres*ident to make a "populist" appeal* for middle and low income support for his plan. However, such changes will be of little benefit to those already too poor to be paying tax.

But it is not just in the taxation of individuals that the President is *seeking change. The top marginal* tax rate for corporations also will be reduced from 46 per cent to probably 33 per cent, but with lower rates for small businesses. While reducing marginal tax rates for companies, the White House will also be *proposing to cut sharply many of* the tax breaks and loopholes which corporations have been able to ex-

Continued on Page 22

Reagan seeks political lifeline, Page 5

Champagne crop falls flat after winter on ice

By Paul Betts in Paris

THE CHAMPAGNE crop this year is expected to be one of the smallest in the French wine-growing region's recent history as a result of the unusually bitter frosts which *have destroyed* a large number of vines.

M Pierre Lanson, head of the Lanson champagne house, suggested yesterday that the frosts might *reduce this year's champagne crop* forecasts by an average of 60 per cent.

About 10,000 out of a total of 25,000 hectares suffered from frosts in the region, according to M Jean-Luc Barbier, of the Comité Interprofessionel du Vin de Champagne, the organisation based in Epernay, grouping champagne growers and producers.

However M Barbier said it was *still too early to quantify the extent* of this year's losses although some growers are expecting to gather only around 3,600 kg of grapes a hectare this harvest compared with an average of a little more than 9,000 kg a hectare over the past ten years.

That would represent one of the poorest yields for 25 years and match the previous low of 3,700 kg of grapes a hectare in 1978 when bad weather during the summer affected the crop.

The damage has been spread unevenly across the region with growers losing between 35 per cent and 85 per cent of their buds. Some growers are already uprooting plants to avoid harvesting a poor crop.

M Barbier said the *small growers* would suffer from the low crop this year and many are likely to face financial difficulties. About 87 per cent of the vines are owned by individual growers with the big champagne producers or houses owning the remaining 13 per cent.

The heavy crop losses were caused when the temperature dropped to between −20° C and −25° C this winter. M Barbier said champagne vines can resist temperatures of up to −15° C but not lower.

But although the *quantity of new* champagne will be in short supply this year, the quality might be good. It will depend on the crucial summer months before the harvest.

The scarcity of champagne this year will not have any impact on champagne prices or supplies to the consumer in the immediate future. Stocks are high after the bountiful harvests of 1982 and 1983. In any event, any shortfall will only start being felt towards the end of the decade when the champagne har-

Continued on Page 22

Paris and Bonn pledge united front at EEC Milan summit

BY RUPERT CORNWELL IN KONSTANZ

FRANCE and West Germany are attempting to set aside their present differences in order to present a common front at next month's EEC summit in Milan especially on the need for closer technological co-op*eration within the Community.*

It was far from clear last night, however, just how far Chancellor Helmut Kohl and President François Mitterrand had succeeded in their efforts here yesterday to reduce the strains which have emerged in recent weeks between Paris and Bonn – above all over their response to the U.S. offer of participation in the space-based Strategic Defence Initiative (SDI).

After some four hours of informal talks, at which each leader was accompanied by just one adviser, M Mitterrand acknowledged that divergences between the two countries had existed and remained.

France, he declared, stood by its *formal refusal to become involved* in SDI. But, the French President stressed, the friction between the two capitals should not be exaggerated. Both governments were com*mitted to the further development* of Europe, and good relations between them were of "fundamental importance" if that target was to be achieved.

This latest Franco-German summit is but one of a host of top level *bilateral encounters in the run-up* to Milan. But it had taken on unusual significance, as a result of the ever more evident strains between them, embracing not only SDI but also broader French doubts about West German wavering about European political development.

Chancellor Kohl yesterday tried specifically to allay such fears by underlining the vital need for Europe to move ahead jointly in the *high technology field,* to cope with the challenge from Japan and the U.S.

France and West Germany, as the two largest economies in the Community, had a special responsibility to put forward proposals, Herr Kohl said, adding that the French-sponsored Eureka project for European technological co-operation, which in some respects parallels SDI, had featured prominently *in the discussions here.*

The science and technology ministers of both countries will meet in a fortnight, a step which is likely to be followed by the establishment of a commission of French and German experts to carry deliberations on joint work further.

On SDI, where Bonn's attitude has long oscillated erratically between the enthusiastic and the lukewarm, Herr Kohl said yesterday that official participation by West Germany hinged on the reso*lution of a "whole series of unanswered questions."*

*A team of West German scien*tists would very shortly be visiting Washington for further discussions on the U.S. project with the authorities there. Whatever the conclusions, his Government would then consult with France, the Chancellor promised.

Even so, scope for future disagreements between Paris and Bonn has not been removed. After the Konstanz meeting, it seems increasingly likely that Milan will produce a pledge for further techno*logical co-operation within the EEC.*

CONTENTS

EUROPEAN NEWS

Turkish foreign trade suffers sharp setback

BY DAVID BARCHARD IN ANKARA

TURKEY HAD a foreign trade deficit of $655.3m in the first three months of this year, slightly more than double the figure a year earlier.

This is the first time since Mr Turgut Ozal, the Prime Minister, launched his economic reforms five years ago that a reverse of this kind has been seen in Turkey's trading performance and figures will undoubtedly be scrutinised carefully over the next few months to see whether a new trend is emerging.

Any worsening of the trading position would be particularly embarrassing because of Turkey's inability to reach agreement with the International Monetary Fund on a new stand-by arrangement. The Fund is believed to have pressed the Turkish Government to go for slower growth and to have challenged its balance of payments targets as too optimistic.

The trade decline was largely due to a fall in exports in February and March. Businessmen blame a reduction in subsidised interest rates for exporters.

The Government, which is planning to phase out most export subsidies over three years from this autumn will be perturbed by the latest figures, not least because the first quarter of the year saw sharp depreciation of the Turkish lira against most European currencies.

Turkey had a trade deficit of $2.9bn last year and plans to trim this to $2.6bn this year. Exports grew by more than 25 per cent in 1984 and are targeted to increase by 17 per cent this year.

Bulgaria resigned to poor relations with Ankara

BY PATRICK BLUM IN SOFIA

BULGARIA APPEARS resigned to a further deterioration in its relations with Turkey over allegations from Ankara that it is persecuting its ethnic Turkish minority.

Mr Lubomir Shopov, head of the Balkan section at the Foreign Ministry in Sofia, admitted yesterday that relations with Turkey had hit *an all-time low over the issue* and said that they would only improve again when Turkey stopped stirring up religious feelings and interfering in his country's internal affairs.

Bulgaria, he added, was eager to have good relations with all its neighbours and standing invitations to the Turkish President, Prime Minister and Foreign Minister were still open. But he conceded that such visits were unlikely in the near future

Once Turkey stopped its anti-Bulgarian campaign, Bugaria would be ready to resume discus*sions on any topic in bilateral* relations provided it was agreed in advance that the question of the emigration of Bulgarians of ethnic Turkish origin would not be raised. "It depends on Turkey whether our relations will develop," he said.

Soviet plan to boost oil drilling by 40%

By Patrick Cockburn in Moscow

THE SOVIET UNION is to increase its deep drilling for oil by 40 per cent in the next five years in a bid to stop the fall in oil output.

The Soviet oil industry, the largest in the world, has been heavily criticised in newspapers. Senior managers have been dismissed for poor organisation and lack of expertise in exploiting the oilfields in the west Siberian Basin. This area is the source of 60 per cent of oil and gas in the Soviet Union.

In order to discover more oil quickly the Politburo has given priority to a programme of high technology prospecting according to Mr Yevgeny Kozlovsky, the Geology Minister. He said "highly efficient geophysical computer complexes are to be put into operation." Deep drilling will double in west Siberia, the Caspian and offshore in 1986-90.

The oil industry in Tyumen province in west Siberia, where much of the oil industry is located, has been heavily attacked for over-exploitation of fields and lack of planning over the past decade.

Asked about the discovery of new fields, a senior oil technician in Tyumen, said: "We still have not exploited the deeper layers. We have not touched the more complicated structures because more up-to-date equipment is needed." He expected oil would be found under gas deposits at Urengoi and Yamburg.

But at the Samotlor oilfield, one of the largest in the world, where *output peaked in 1980 at 155 million* tonnes, misgivings about the speed at which it was being exploited and lack of mechanisation were disregarded in the late 1970s because output was still soaring according to the daily Izvestia this week.

IRI chairman issues ringing call for privatisation

BY ALAN FRIEDMAN IN MILAN


Prof Prodi: "Italy must look to partnership with U.S. companies"

THE CHAIRMAN of Italy's giant *IRI state holding group*, professor Romano Prodi, yesterday issued a ringing defence of his policy of privatising parts of Italian nationalised industry.

In the presence of Sig Giovanni Goria, the Finance Minister, and an audience of some of Italy's leading bankers and industrialists, Prof Prodi repeatedly praised the British Government's sale of British Telecom and other companies and spoke about the need for more privatisation in Italy.

Such a declaration by the head of a state group, which last year lost L2,244bn (£903m) on total turnover of L41,052bn (£16.5bn), amounted to the strongest call to date for privatisation by any Italian politician or business leader.

His call comes amid serious political controversy over the proposed sale by IRI of Societa Meridionale Finanziaria (SME) for L497bn to the Buitoni foods group which is controlled by Sig Carlo de Benedetti. On Monday *night*, an interministerial committee approved the sale of SME, whose sales last year totalled L3,100bn. But opposition by Prime Minister Bettino Craxi's Socialist Party resulted in an order by the Government that IRI should consider a mystery bid said to be worth L550bn before going ahead with the sale to *Sig de Benedetti*.

One of Prof Prodi's aides suggested yesterday that the mystery bid might be politically motivated, that it is in some way intended by the Socialists *to hinder the sale to Sig de* Benedetti. The Christian Democrats, meanwhile, have stood behind Prof Prodi and the SME privatisation as announced last month.

Prof Prodi yesterday warned that if the sale does not go ahead there could be "profound consequences for the Italian economy." Failure to privatise SME would mean that foreign *investors will not regard Italy* as "a modern society."

He declared that "for a group such as IRI, SME is not of strategic interest." This remark echoes the comment made in a recent interview by Sig de Benedetti, who rejected charges by "Socialists and trade unions that SME is strategic." Sig de Benedetti said it was "difficult to understand how a company which produces cakes and ice cream can be strategic." He lamented that "privatisation is not yet in the blood of our society."

The aide to Prof Prodi disclosed yesterday that a Sig Scalera, who represented the "phantom consortium" making the counter offer for SME, had twice in the previous 24 hours failed to keep appointments with IRI designed to discuss the bid, as was ordered by the interministerial committee. The stock market authority on Monday suspended trading in the shares of SME on the Milan bourse.

Professor Prodi delivered what several businessmen described as an eloquent defence of privatisation. He argued that between 1968 and 1982, IRI had acquired 70 companies with 87,000 employees (the group presently employs 505,000 workers), thus "creating machinery which is difficult to modify." But he promised to go ahead with more privatisations and said the British Telecom issue was an example for Italy to follow.

"We have to face the truth. We need more technology, more diversity and more flexibility in our industry. And as European companies seem unable to join forces, this means that Italy must also look to partnership with American companies." Professor Prodi said.

Inflation rate exceeds target in Sweden

BY KEVIN DONE IN STOCKHOLM

THE SWEDISH Government's ambitious target for reducing inflation to only 3 per cent by the end of the year has been broken after only five months – a serious blow to the ruling Social Democrats less than four months before the general election.

Consumer prices are still rising faster in Sweden than in all the country's most important trading partners, and inflation has been given new impetus by the forced raising of Swedish interest rates two weeks ago.

Monetary policy was tightened *suddenly in an effort to dampen* soaring consumer expenditure and to halt the rapid deterioration in the current account and the outflow of capital from Sweden.

According to the latest figures published yesterday, consumer prices rose by 3.3 per cent from the beginning of the year to mid May.

Prices have risen by 8.4 per cent since mid May 1984 and the rate of increase has accelerated since April under pressure from the big increases in the central banks' official interest rates.

The price freeze imposed by the Government in early March has had little impact in slowing inflation and the jump in the first half of May was the biggest two-week increase so far this year.

The National Debt Office resumed auctions of Treasury bills yesterday following an enforced pause in the wake of the sudden tightening of monetary policy two weeks ago. One-year Treasury bills attracted an average interest rate of 15.46 per cent; about one percentage point below the year's market peak

Europe urged to accept more refugees

GENEVA – The UN High Commissioner for Refugees (UNHCR) has asked West Europe to lower barriers to Third World refugees seeking asylum.

The Commissioner, Mr Poul Hartling, said there were "groups of refugees spending weeks in European air terminals, tossed around like ping-pong balls from airport to airport."

He said: "Peoples who in the past have opened their doors and their hearts to refugees are now showing signs of greater reserve and even intolerance."

Mr Hartling told officials from more than 20 countries he was deeply concerned about restrictive policies in Europe towards asylum-seekers from developing countries.

He was addressing the opening session of a four-day meeting to discuss ways of overcoming misgivings and antipathy towards refugees arriving in Europe from Asia, Africa and other Third World regions at a time of high unemployment and other economic troubles.

A UNHCR memorandum to be discussed at the closed-door meeting notes "a clearly discernible trend" *toward more restrictive refugee* policies in Western Europe.

Agencies

Flick wins part of court battle over back tax

BY JONATHAN CARR IN FRANKFURT

FLICK, the West German industrial concern at the centre of a financial scandal, has won a partial success in its battle against the Economics Ministry which has demanded about DM 450m ($145m) in back tax.

A court in Cologne decided yesterday that Flick should be liable to pay tax on an initial stake of DM 290m it made in W R Grace, the U.S. chemicals concern, but not on a further stake costing about DM 500m.

The ministry had argued that Flick should pay on both, thus re*versing tax exemptions granted to* the company in the 1970s. Flick launched a suit more than a year ago contesting the ministry's view.

The battle has centred on the economic justification for the tax waivers on the investment in Grace, which Flick paid for with part of the DM 1.9bn it made on its sale of a stake in Daimler-Benz.

The tax "holidays" were allowed by the ministry in 1976 and 1978 respectively on the basis of Article 4 of the West Germany Foreign Investment Law (which has since been abrogated).

This article permitted the tax-free reinvestment of capital gains where this served "the international division of labour and an enhanced integration of the world economy." Flick argued successfully at the time that its investment in Grace would help to achieve just that.

But in late 1983, the ministry said it was revoking the tax breaks, after company documents on the Grace came into the hands of the Bonn public prosecutor.

Mr John Gardner

In our issue of May 20 1985, we quoted Mr John Gardner, director of the Systems Office of the Strategic Defence Initiative, as saying that if the SDI system was in place, it might tempt the Soviet Union to increase its offensive weaponry. This quotation was derived from a news agency report. We have since been informed that Mr Gardner actually said: "It is equally important not to create a situation that encourages the arms race."

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

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Central bank backs Madrid's economic line

BY TOM BURNS IN MADRID

SPAIN'S CENTRAL Bank has squarely endorsed the government's rigid economic policy but has warned that growth this year could be below 2 per cent.

Its annual report mixes a mostly sombre review of the country's economic indicators with broad approval of Finance iMnistry efforts to reduce inflation and the budget deficit. It represents a keynote annual review of the economy and is highly influential in the formation of economic policy.

The Bank's findings come as welcome relief for Sr Miguel Boyer, the Finance Minister, who is under greater pressure than ever to stimulate the conomy in order to reverse the seemingly inexorable loss of jobs.

The main principles of the Government's policy are sound and necessary, says the report, warning that growth cannot precede what the Finance Ministry terms *saneamiento*—the policy of streamlining the economy through a tight hold on money supply and spending in order to rein in inflation.

In his address to the board, Sr Mariano Rubio, the Bank of Spain Governor, stressed that any attempt to "reverse the logical order of things, "by putting growth before streamlining, would have "ephemeral results."

The report urges "the preserverance of the economic policy of the past two years." Its broad theme is that more of the same medicine is required because the illnss is persisting.

The depressed state of the Spanish economy is underlined by the bank's forecast of a gross domestic product increase this year of under 2 per cent, against a 2.2 per cent increase last year, according to the Bank's estimate. Sr Boyer's strategy when he took over the Finance portfolio at the end of 1982, was to have 3 per cent growth by 1985, against a 2.5 per cent growth last year.

The Bank argues that, although business profits have increased and inflation and interest rates are down as a result of the Government's policy, the past two years have not been sufficient time to permit the recovery of domestic demand, of productive capacity and of sustained growth.

The issue of joblessness is viewed in the report as one of "structural unemployment" which would have increased even had the growth levels been far higher in the previous year. Unemployment topped 2.92m, or 22 per cent of the active population, in the first quarter of this year, some 33 per cent above the level when the Socialist Government took office in 1982.

The report "seriously doubts" whether an expansionist policy to stimulate demand would, in the present international context, create lasting employment. The Bank endorses the policy of wage restraints, tax relief on new employment and a deregulation of the labour market's rigid system of fixed contracts. These policies, which have the ostensible aim of creating employment, have come under increasing criticism from unions and the left of the Socialist party.

A key recommendation in the report is that the Government should continue and expand liberalising the financial system. In particular, it urges the Finance Ministry to move towards ending the *coeficientes bancarios* by which a considerable part of a bank's deposits are syphoned off towards often fixed, state-directed investments.

SPAIN HAS by far the highest unemployment rate in Western Europe (22 per cent of the active working population), but the jobless appear to approve the Government's economic policy and support Sr Felipe Gonzalez, the Prime Minister, overwhelmingly, writes Tom Burns.

A survey by the state-funded Centro de *Investigaciones Sociologicas* released yesterday has also established that the jobless "get by" without undue difficulty.

The countrywide poll of 6,710 Spaniards registered at employment agencies revealed that 46 per cent back the Government's policies against 27 per cent who do not, and that 45 per cent favour Sr Gonzalez as Prime Minister, against 7 per cent who support the conservative opposition leader, Sr Manuel Fraga Iribarne.

Only those who had held jobs in the past were interviewed. Sixty-one per cent had lost their jobs since 1980.

The survey reported that 94 per cent have not had to change homes to reduce costs and that 58 per cent have not been forced to reduce spending on food. Ninety-two per cent said that no member of their family had had to forgo schooling or higher studies because of unemployment.

The ownership of consumer goods was found to be on a level with national averages: 96 per cent own a refrigerator, 89 per cent a washing machine, 66 per cent a colour television, a further 8 per cent a video, and 55 per cent own a car.

Thirty-nine per cent receive unemployment benefits, in 53 per cent of the cases at least one member of the family is working, and in 4 per cent another member of the family receives benefits. Twenty-four per cent said they earn income from odd jobs and 30 per cent said they are spending their savings.

The National Statistics Institute reported that in the first quarter of this year unemployment in Spain stood at 2.92m and government officials speak of a further 100,000-150,000 loss in total employment in the course of this year.

Polling change sought in Yugoslavia

BELGRADE – Yugoslavia's largest daily newspaper demanded yesterday that people responsible for the current economic crisis be kept off the ballots for forthcoming Communist Party elections.

Vecernje Novosti said in an editorial that in view of Yugoslavia's financial woes, "this time the league of Communists should persist in vacating the electoral lists of cadres who do not deserve confidence, or those who themselves to a good degree were responsible for the crisis and its severity."

It also noted that there are more frequent calls for dropping "eternal occupiers of cadres' lists with single candidates."

The party, as well as local government bodies and other political organisations are going through a selection process for elections scheduled later this year.

Yugoslavia is struggling to repay by the end of the century, a $19bn foreign debt. AP

Juvenile crime wave in Hungary

BY LESLIE COLITT IN BERLIN

THE HUNGARIAN authorities are alarmed about a juvenile crime wave which increasingly includes robbery and violent crimes.

The Ministry of the Interior says the number of crimes committed by minors (people under 18) has risen steadily over the past five years. It noted that the proportion of convicted criminals 10 years old and younger has shown an especially sharp rise. Juveniles under 18 now account for 11.6 per cent of all crimes, or 9,691 people last year, compared with 9 per cent in 1980.

The ministry said the number of "endangered minors" – those prone to crime – had risen to more than 100,000, or about 7 per cent of Hungarians in this age group.

Most of the convicted young people committed robbery and theft but a growing, although unspecified, number were also involved in the 205 cases of murder and second-degree murder in Hungary last year.

An increasing number of young Hungarians was found to be suffering from "neurotic diseases" while the number of attempted suicides by juveniles was also rising. Hungary traditionally has a high adult suicide rate.

In the first three months of this year, vandalism to public telephone booths caused damage exceeding last year's total of 5m forints ($98,000). Some 700 telephone booths had to be temporarily closed.

One of the more unusual of Budapest's 1,700 burglaries last year was by a skilled labourer who drove to work in a Mercedes and had jewellery, antiques and paintings worth 8m forints in his home when it was raided by the police.

A total of 157,000 "crimes" were registered in Hungary in 1984; up 3.7 per cent. These included traffic offences, however, which fell, while serious crimes rose. One of the sharpest increases was recorded in cases of bribery which has risen 61 per cent in the past five years.

Romania's leader visits East Germany

BY OUR BERLIN CORRESPONDENT

ROMANIA'S LEADER, President Nicolae Ceausescu, yesterday began an official visit to East Germany which, since last year, has given its tacit support to his independent-minded foreign policy.

The main East German Communist newspaper, Neues Deutschland, praised President Ceausescu for insisting on Romania's "independent and national sovereignty, equality and non-interference in internal affairs."

East Germany's president, Herr Erich Honecker, was the only East European leader to attend the 40th anniversary celebrations last August in Bucharest of the Communist uprising.

The gesture was made at a time when the official Soviet media were putting pressure on Herr Honecker not to make a planned trip to West Germany which was cancelled shortly afterwards. Moscow did not want Herr Honecker to reward Bonn with a visit after West Germany had begun deploying new U.S. missiles.

Just before his arrival in East Germany, President Ceausescu called on the other Warsaw Pact countries to reduce their military budget by 10 per cent.

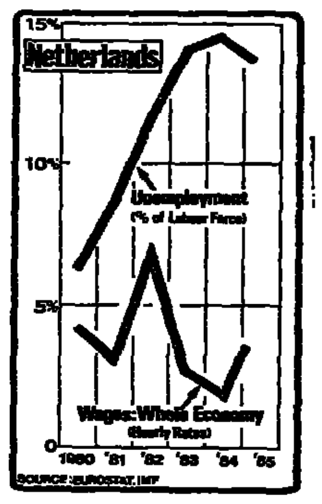
Despite such outspokenness, President Ceausescu in recent years has shifted trade away from the West to Comecon under the pressure of deteriorating terms of trade and a precarious energy base.

Long battles preceded the latest labour agreements

Dutch national wage talks end with employers as the victors

BY LAURA RAUN IN AMSTERDAM

THE RETURN of Dutch construction workers to their jobs yesterday after a three-week strike marked the end of this year's protracted nationwide labour negotiations. It was no small victory for employers.



Shorter work hours have been delayed, wage rises have been moderate and bargaining has been conducted individually by industries and companies under the labour settlements covering most of the Netherland's 3m workers. The employees, for their part, clearly won their battle for compensation from employers to supplant sickness benefits that were decreased on May 1. Trade unions, however, staged enough strikes and disruptions in recent weeks to claim that they put up a good fight.

The main dispute in the construction industry, the last large sector to settle on a pact, was over shortening of work time. The union failed to win its demand for a 10 per cent reduction in the working week to 36 hours over the next two years, but instead received a 7.5 per cent cut. Inflation allowances will be traded off for the shorter working hours.

The recent air traffic controllers strikes apparently have ended for the moment. The pay dispute involving the air controllers is unrelated to the labour issues involving the rest of industry.

The latest round of one- and two-year pacts brings to fruition the major points of the historic 1982 labour agreement that was designed to combat the Netherland's persistently - high unemployment. Under that accord between workers, employers and the Government, wage moderation was to be traded for shorter work hours in a bid to buoy sagging corporate profitability. The average working week was trimmed by about 5 per cent last year to 38 hours, but companies generally managed to postpone further cuts until the results of the first reduction have been examined.

The 1982 agreement also called for more decentralised bargaining as a way of encouraging flexibility in wage pacts. The recent round of private-sector talks was the most individualised in post-war history, according to Mr Rob Lenselink, chief economist at Algemene Bank Nederland (ABN). It appears to have eased some of the rigidity of centralised bargaining, he says.

The agreement attempted to limit the Government's role in labour negotiations to one of fostering a favourable climate through lower taxes and social-security premiums, for example, without direct interference. The centre-right administration of Mr Ruud Lubbers, the Prime Minister, which is committed to promoting the private sector, has been happy to comply so far; but that could change next year.

General elections will be held in May 1986 and the opposition Labour Party has gained dramatically in the public-opinion polls. If the Socialists maintain their strength among voters, the governing Christian Democrat-Liberal coalition could be expected to quietly encourage higher wage settlements next year.

Under the recently agreed one-year accords, which cover most workers, no mention is made of moving to a 36-hour working week. Under the two-year pacts, however, employers considered shortening work time to 36 hours in 1986 — a reduction that was demanded for next year. Companies offered a salary bonus to mollify the unions, generally 1 per cent, as a way of sharing out the healthier profits accruing in part from the earlier cut in work hours.

The unions have warned that they will bargain harder for shorter hours next year. The Labour Party estimates that about 25 per cent of new jobs have been created with the shorter week, with much of the savings going to boost corporate profits. As unemployment continues at about 16.5 per cent, unions promist a tough fight in the next round of talks.

Wages, apart from bonuses this year, will increase between 1 per cent and 2 per cent, which is close to the expected inflation rate of 2 per cent the combined wage boost and bonus, which totals 4 per cent in some cases, could help to revive consumer spending. Consumption is expected to grow 1.5 per cent this year.

The wage increases, however, are not described as inflation adjustment. Mr Lenselink calls this another step toward flexibility because it halts the automatic costof-living allowances paid in the past.

Employees saw a clear victory on sickness benefits, which declined to 75 per cent of the daily wage from 80 per cent. The balance of Government benefits previously was paid by companies ...and ...this ...will continue under the new contracts.

The Government announced cuts in sickness pay in an attempt to lower companies' labour costs, and there are plans to trim the benefits again to 70 per cent in 1986. The additional financial burden for companies this year, however, is not viewed as a significant one and a good trade-off for other compromises.

The unions have accepted a lot in this year's negotiations, but their moderation is not unprecedented. Dutch labour relations historically have been characterised by a large degree of harmony, with the notable exception of nationwide strikes in autumn 1983. Union membership has fallen rapidly in recent times and is estimated to be about 35 per cent.

Workers will have a chance to retaliate in next year's general elections. The Labour Party would need only 12 parliamentary seats to form a coalition government and oust the Christian Democrat-Liberal partnership. The Socialists are aware of their popularity and are trying to translate that support into tangible gains at the polls. As one party insider put it recently: "We're talking more to the employers than to the unions."

Fokker wins KLM order for 10 jets

By Laura Raun in Amsterdam

FOKKER, the Dutch aerospace group, has received an order worth Fl 700m (£159m) for 10 Fokker 100 fan-jet airliners and an option for five more from KLM Royal Dutch Airlines.

The contract, which Fokker has expected, is the second order for the new short-to-medium-haul, 100-seat airliner *that is a successor to the F-28* fan-jet. The airliner is powered by the Rolls-Royce Tay engine.

The deal is a further blow to British Aerospace's hopes of selling its BAe 146 four-engined 100-seater regional jet airliner in Western Europe. It had been bidding for the KLM deal, as it is also bidding for other regional airline orders on the Continent.

The Dutch company's future depends heavily on the commercial success of the F-100 and F-50, which will replace the F-28 and F-27 turbo-prop—the staples of Fokker's aircraft production.

The KLM order brings total sales of the fuel-efficient F-100 to 18 plus options for 11 more, following Swissair's signing last year for eight with an option for six. Fokker's hope is that business from prestigious carriers such as KLM and Swissair will set a trend for the increasingly competitive industry.

The first two aircraft will be delivered in April 1988 and the rest that same year, and will *partially replace KLM's ageing* DC-9 fleet. The aircraft will carry 102 seats

Fokker unveiled the F-100 and F-50 in November 1983 in a bid to carve out a niche in the expanding short-and-medium haul sector

TAA plans to buy 12 Boeings

AUSTRALIA'S state-owned Trans-Australia Airlines (TAA) said it is seeking government approval to buy 12 Boeing 737-300 jet aircraft for about $500m (£397m), Reuter reports from Sydney.

TAA said it chose the 112-seat jet to replace its fleet of 90-seat McDonnell Douglas DC9s because its fuel economy per seat is up to 30 per cent better than the DC9 and because Boeing was able to supply the aircraft beginning in July 1986, several years before its competitors.

Nancy Dunne on U.S. plans for Atlantic telecommunications

Crossed lines in Intelsat wrangle

THE U.S. House of Representatives has now joined the raging debate over U.S. proposals to permit competition in international telecommunications over hte Atlantic. But the House, confronted with impassioned arguments and a welter of contradictory claims from both sides, has hardly known which way to leap.

It has heard the case of Intelsat, the global co-operative satellite monopoly founded by the U.S. 21 years ago. Intelast officials, already worried about the advent of competitive fibre-optic cable systems, say the addition of privately-owned international satellite systems offering "duplicate services" could wreck the system. They say that competition over the lucrative Atlantic route would force Intelsat to raise its pricest to the developing countries and undermine its irreplaceable role in communications "by splitting the world apart in a mindless sprawl of uncoordinated communications systems."

The Administration argues that, while Intelsat has done a good job in providing worldwide telephone services, its capacity to offer visual services is inadequate. The Government has a vocal Congressional supporter in Mr Timothy Wirth, chairman of a House telecommunications subcommittee, who points out that the few available Intelsat video transponders are expensive and ned to be reserved far in advance.

Mr Wirth views the controversy as a domestic trade issue and believes it is "unfair" to ask Third World countries to help pay for new applications of satellite transmission that will be used mostly by the developed countries.

On the other hand, the much-heralded destiture of AT&T for the purposes of private competition is giving many Congressmen cause for thought. The breakup has been less than a wild success with an American public facing a complicated array of services, products and telephone bills which run on for pages.

Ms Olympia Snowe, a Republican Congresswoman from Maine, voiced the public mood in a recent floor debate: "Are we better off today than we were prior to that divestiture? Many parts of the world are provided communications services because of Intelsat and if we allow unabated competition to the Intelsat system, I am afraid that it threatens the eventual existence of that sysem."

Intelsat, begun in 1964 as a Kennedy Administration initiative, is a non-profit co-operative of 109 countries which owns and operates the communications satellite system used by all members for international communications and by 27 countries for domestic communications. It carries two-thirds of the world's overseas telephone traffic and virtually all intercontinental television. Its charter requires that all rates over all routes be averaged on a global basis: so the industrialised countries tend to subsidise the routes of the Third World, a concept intended when the system was founded.

Intelsat has been able to reduce its rates 12 times and its services are 5 per cent cheaper than in 1965, adjusted for inflation. More than $4.6bn (£3.6bn) has been spent for Intelsat's contract procurement with the U.S. getting $4 ?bn of that business.

The House finally decided what it usually decides: it wants a say in any final decision by the Federal Communications Commission (FCC), now considering five applications for private satellite services of video transmissions.

In an amendment to a State Department funding Bill, the House reaffirmed the President's decision last November that competing international communications systems are "in the national interest." But, it said, Intelsat's economic viability must also be protected. It said the Secretary of State must consult with Intelsat before any final authorisation is given to any of the applicants and that the Secretary must then give Congress 60 days to consider his report on the issues before the FCC grants the go-ahead.

Causing "economic harm" to Intelsat would be an abrogation of the Intelsat treaty but, like the President, the House failed to define what constitutes "economic harm" or to specify what steps ought to be taken if Intelsat fails to agree to competition.

State Department officials say they can easily live witn tne amendment and expect to start consultations with Intelsat next autumn after the FCC has had a chance to rule on the applications under consideration. They are more worried, however, about the language of an appropriations subcommittee report which may also pass the House.

The report says the FCC should deny construction permits for alternative systems until they have obtained landing rights with one or more foreign authorities and completed consultations with Intelsat. It ties the would-be competition in a tangle of red tape which could take years to unravel.

It is by no means certain that the entrepreneurs would find willing foreign partners with or without construction permits.

In April the 109 Intelsat signatories adopted a unanimous resolution that the proposed competition "challenges the underlying purposes for which Intelsat was created . . ." and "would entail serious financial consequences for all Intelsat users."

The State and Commerce Departments and the FCC have been bombarded with letters from signatories objecting to the proposed competition. Even the Vatican has written to express its concern for "the possible detrimental effects, especially to small or developing countries" and trusting that the "principles of unity, solidarity and international collaboration will be carefully safeguarded."

Whatever may be its economic merits, the Intelsat issue has clearly become a foreign policy problem for the Administration, which has consistently failed to understand that the world may not welcome the unilateral imposition of President Ronald Reagan's economic policies.

Officials from the President down have promised that they will protect Intelsat's economic viability, but Third World officials are generally sceptical. "Why," asks Mr Jose Allegrett, Intelsat's deputy general, "is the U.S., who built this wonderful organisation, now trying to break it?"

The Administration was warned last summer by Mr Philip Treasize of Brookings Institution and an experienced diplomat, that the State Department had better start negotiating before presenting Intelsat with a *fait accompli* because "if the principle of competition is put in conflict with the principle of policy sovereignty, the winner will be sovereignty."

Even Mr Wirth, a supporter of competition, has complained that "the manner in which the U.S. has addressed the issue may well have created a political problem." The State Department must make "an aggressive effort" to explain U.S. policy to Intelsat and reassure its members that there is no diminution of American commitment to the organisation, he said.

Dubai to set up independent airline

By Angela Dixon in Abu Dhabi

THE GOVERNMENT of Dubai have announced plans to start its own airline in the second half of this year. It is to be called Emirates Airline. The company will initially have three aircraft, two Boeing 737s and one European Airbus. The airline is likely to be managed by New Zealand Airways.

The move has caused dismay in other Gulf states since it could be seen as creating further competition among the region's airlines, especially for Gulf Air, which is owned equally by the governments of Bahrain, Qatar, Oman and the UAE. Gulf Air has recently experienced considerable competition from various quarters.

Dubai's reasons for the move may include the fact that Gulf Air has cut back the number of flights to and from Dubai by two-thirds during the past two years. Dubai serves as a major transit point for regional traffic, and it has been feared that these cutbacks in services might discourage major international airlines from using the airport. In an effort to discourage the move, Gulf Air is understood to have offered to increase the number of flights to and from Dubai by 20. But the offer was unsuccessful.

Gulf Air announced an 8 per cent drop in profits for 1984 and competition has been increasing in the form of a fares war. *Travel agents in the UAE* are offering up to 50 per cent discounts. This has affected Gulf Air sales from its own outlets. In addition to this Gulf Air has failed to achieve full reciprocity of destinations with some other airlines, notably on the lucrative Pakistani routes.

Recording plant for Ukraine

By Leslie Colitt in Berlin

BERLIN-CONSULT, the West Berlin engineering consultants, has won a DM 32m (£8.2m) contract to build a plant in the Soviet Union to produce recording heads for tape recorders. Ferrotronic of West Berlin will provide the know-how.

The plant, to be built by 1987 in Zaporozhye in the Ukraine, will produce 880,000 recording heads a year. It is the second such factory Berlin-Consult has built in the Soviet Union

U.S. urged to act on Brazil-Korea trade

BY NANCY DUNNE IN WASHINGTON

TWO KEY Republican senators have urged the Trade Representative's Office to deny Brazil and Korea the use of injury tests in trade investigations on the grounds that their governments have failed to honour commitments to phase out export subsidies.

The senators, John Danforth, chairman of the Senate Commerce Committee, and John Heinz, said that Brazil had promised to phase out its export subsidy programme by the end of April and had failed to do so.

"We would appreciate your clarifying the facts of the situation and, if our understanding is correct when will *you revoke Brazil's 'country* under the agreement status'," they said.

In the case of Korea, the senators said it was their understanding that Seoul's export subsidy programme for oil rigs contravened its obligations under the Gatt subsidies code.

"What is at stake here is not simply the question of the injury test, important though that is, but also the credibility of our trade policy and our negotiators," they said.

Congress has been concerned over subsidies code arrangements with such countries as India, Pakistan and Mexico. Last month the U.S. and Mexico signed a subsidies agreement in which Mexico was given the *injury test in trade investiga*tions in return for promises to phase out subsidies.

Olivetti signs U.S. market deal

By Alan Friedman in Milan

OLIVETTI, Italy's leading data processing equipment maker, said it has reached agreement with Allen Bradley, one of the largest U.S. companies in the field of industrial automation, to distribute Olivetti's new line of numerical control systems.

The agreement, made by Osai A-B, an Olivetti subsidiary, means that Olivetti will have its numerical control products available on the U.S. market for the first time. Osai A-B, which last year had sales of L30bn (£10.9m), is 32 per cent owned by Allen Bradley, which entered into a numerical controls joint venture agreement with Olivetti in 1982.

Metro in $109m joint venture

By Boonsong K'Thana in Bangkok

THE METRO group, one of Thailand's largest diversified conglomerates, yesterday signed a $109m (£86.5m) petrochemical joint venture agreement with Himont, a joint venture of the U.S.-based Hercules and Montedison of Italy.

Metro holds 51 per cent in the new company, HMC Polymers, with 49 per cent for Himont.

The agreement calls for the establishment of a plant in the Eastern seaboard province of Rayong to produce 100,000 tons a year of Polypropylene, using raw materials produced from a $350m olefins plant to be located nearby.

Craxi in Moscow for talks on trade deficit

BY PATRICK COCKBURN IN MOSCOW

MR BETTINO CRAXI, the Italian Prime Minister, arrived in Moscow yesterday for a two day official visit to the Soviet Union during which he will have talks with Mr Mikhail Gorbachev, the Soviet leader.

Discussions will focus primarily on international affairs, but are also likely to encompass Italy's trade deficit with the Soviet Union which last year rose to L4.3bn (£1.95bn). This was because of high imports of Soviet oil and gas.

Since the start of the year Moscow has awarded Italian companies five yarge contracts *in a bid to redress the balance.* Last week Cogold won a L500bn turnkey contrac two leather plants and Danieli a turnkey project worth a little over L500bn to build a plant to build oil rigs.

The willingness of Soviet companies to award contracts has increased as a result of an agreement reached last year under which Italy is to raise its import of Soviet gas above the 6-7bn cubic metres a year it currently takes. Another 4-5bn cubic metres will be purchased by the early 1990s.

In return the Soviet Union has affirmed that it will spend the additional hard currency revenues it gets from the new contract in Italy.

White House agrees with Gorbachev on arms talks failure

BY OUR U.S. EDITOR

THE White House yesterday agreed with Mr Mikhail Gorbachev, the Soviet leader, that the first round of Geneva arms talks earlier this year had been "completely fruitless," but blamed the lack of progress on Soviet recalcitrance. It accused Moscow of "back-tracking" and "lack of imagination" in the talks.

The White House statement came as President Ronald Reagan gave final instructions to Mr Max Kampelman, the chief U.S. negotiator, for the second round of talks due to begin in Geneva tomorrow. Mr Lary Speakes, the White House spokesman, made it clear, however, that there were to be no major changes in the U.S. negotiating stance—"we're in the same position," he said.

Mr Speakes said that "unfortunately" the U.S. agreed with Mr Gorbachev's description at the weekend of the first round of talks as "fruitless." It disagreed, however, with Mr Gorbachev's assessment that the U.S. had failed to make concessions on Mr Reagan's star wars space defence programme.

"We find the Soviet comments are an intriguing tactic for turning recalcitrance into a virtue. In the coming round we will be flexible without rewarding the Soviets for their back-tracking," the statement said.

Instructions to the U.S. delegation were for serious negotiations and a flexible, patient approach. "The U.S. returns to the negotiations with hope, if the Soviets are able to turn from their internal accounts, to take advantage of the opportunity for progress," it added.

Mr Speakes confirmed that Mr Reagan would report to Congress by Saturday on his plans for continuing to comply with limits under the 1979 Salt 2 strategic Arms Limitation Treaty, which expires at the end of the year. He suggested, however, that Mr Reagan might list "a number of options," without announcing a final decision.

Both the U.S. and the Soviet Union have promised to abide by the treaty's limits, even though it has never been ratified by the U.S. senate. The U.S., however, faces a decision on whether to continue to comply when a new Trident submarine, the Alaska, goes into service this autumn.

Unless Washington decommissions other weapons, the Alaska would put the U.S. 14 missiles over the treaty limit of 1,200 for land- and sea-based multiwarhead intercontinental ballistic missiles.

U.S. car imports set to rise by two thirds

By William Hall in New York

FOREIGN CAR imports into the U.S. are expected to rise by two thirds to over 4m a year over the next four years. This could mean the loss of 100,000 jobs at U.S. car manufacturers, according to a Commerce Department study.

New car sales in the U.S. are estimated to rise from 10.4m last year to 11.2m in 1988 but all of the increase and more will be accounted for by imports which will increase their share of the market from 23.5 per cent to 36 per cent. The estimates were releasd by th Commerce Departmnt's ...office ...of ...auto industry affairs.

According to the Commerce Department, sales of the big four U.S. manufacturers—eGneral Motors, Ford, Chrysler and American Motors—will drop from 7.8m in 1984 to 6.36m in 1988. In addition, sales of U.S. built Japanese cars are expected to rise from 133,000 in 1984 to 775,000 in 1988.

Of the estimated 11.2m car sales in 1988, some 3.1m are forecast to be imported from Japan, 610,000 from Europe, 240,000 from South Korea and 135,000 from elsewhere. This compares with 1.9m cars imported from Japan in 1984

Reginald Dale examines the U.S. President's efforts to stay on top of Capitol Hill

Reagan casts around for a political lifeline

AFTER A series of serious congressional reverses, President Ronald Reagan badly needs a political victory. His White House strategists are increasingly hoping that the ambitious tax reform plans he is launching with so much fanfare this week will provide it.

Mr Reagan, just over four months into his second term, has seen his authority on Capitol Hill suddenly undermined in a series of defeats and forced climbdowns that stand in stark contrast to the early months of his first term, four years ago, when he was carrying all before him.

Reagan: less electric

He has generally weathered the storm over his controversial visit to the Bitburg war cemetery in West Germany earlier this month. There is a lingering resentment on Capitol Hill that he flouted the wishes of Congress in going there, but many ordinary Americans instead have turned against the Jewish establishment and the media for provoking the controversy in the first place.

However, in Washington, he has already used up much of the stock of political capital that he had hoped to replenish with his landslide 49-state victory in November's elections, and much of it has been wasted.

In the past month, Mr Reagan has seen his plans to renew aid to the Contra rebels in Nicaragua slapped down by the House of Representatives, even after compromising substantially. His hopes for a further major increase in defence spending have been torpedoed by the Republican-controlled Senate (although this he has reluctantly accepted). The budget that eventually emerges from the Congressional process will look very different from the one he put into it: and he has been obliged to accept a halving of his MX missile programme (from 100 to 50 missiles)—the biggest ever setback to one of his weapons systems.

Part of the reasons for these failures is tactical. The new White House management, under Mr Donald Regan, the Chief of Staff, has allowed Mr Reagan to get into a number of different scraps on Capitol Hill at the same time. His still-considerable persuasive powers have been dissipated on a wide range of issues—most notably the Contras—on which there was little inclination to go along with him anyway.

Four years ago there was a national consensus behind the clear and easily-understood policies that he was promoting: bringing down inflation, restoring prosperity and rebuilding the nation's defences. That was what he had been elected to do in 1980.

However, by last year's elections, Mr Reagan was telling the nation that these objectives had been achieved. America was "walking tall," he said, and America by and large believed him. Mr Reagan was re-elected not on the basis of a new set of campaign promises, but on the basis of simple themes such as peace, patriotism and prosperity, and his general popularity as a man who made people feel good.

So he did not, in the view of many political analysts, start his second term with a real mandate for major new policy departures. Indeed, according to opinion poll after opinion poll, while Americans mostly like Mr Reagan, they are much less enthusiastic about his individual policies on a case-by-case basis.

Now he has got to the point where he is pressing the more unpopular of those policies — spending cuts on items like pensions and student loans that for the first time affect the middle classes — and aid to a dubious small band of fighters in a jungle war that most Americans would rather have nothing to do with.

As for the defence build-up, Mr Reagan is at least partly the victim of his own success. Having been easily persuaded that America is now again number one in the world, the general public no longer sees the need for making the sacrifices that continued high defence spending requires.

The mood on Capitol Hill has changed almost unrecognisably from Mr Reagan's first term. When he first swept into office, the Democrats were in disarray and the Republicans triumphant; right-wing, mainly southern Democrats in the House of Representatives (the "boll weevils" joined Republicans in a defacto coalition that made a mockery of the Democrats' official paper majority.

Mr Reagan, however, failed to rebuild that coalition in November's House elections, and now it is the Democrats who are regaining their unity—on the budget in the House and on defence in the Senate—while the Republicans fight over the future direction of their party in the post-Reagan era.

In the Senate, the Republicans are all too conscious of the imminence of the November 1986 mid-term elections in which they must defend 22 of 34 seats at stake. Many Republican senators who are up for re-election, not least Mr Robert Dole, the majority leader, have concluded that they will have to show they have achieved some successes, particularly on the budget deficit, regardless of Mr Reagan's views on the matter.

Mr Reagan is still popular, both in the country as a whole and on Capitol Hill, but his famous Congressional lobbying blitzes are beinning to suffer, from diminishing returns. As one Repubican congressman puts it, there is much more incentive to heed the President's wishes the first time he asks for your support than there is the twenty-second time, when you have already put yourself out for him 19 or 20 times.

That is why Mr Reagan and his strategists are pinning so many hopes on tax reform. It will provide, they hope, a clear simple theme on which Mr Reagan can use his famous communicative powers to mobilise a wave of popular support and demonstrate that his writ still runs on Capitol Hill and that he has not yet succumbed to "lame duck" ineffectiveness. But any victory that may be attainable in that hideously-complex minefield is not going to come early or easy.

Mexico poll candidate withdrawn

By David Gardner in Mexico City

MEXICO'S ruling Institutional Revolutionary Party (PRI) has scored a remarkable political own goal ahead of key mid-term Congressional elections in July by putting forward as a candidate and then withdrawing without explanation the former head of the Federal Security Directorate (DFS), which has been implicated in the country's booming drugs trade.

Sr Jose Antonio Zorrilla, who until March headed the DFS, Mexico's equivalent to the U.S. Federal Bureau of Investigation (FBI), had his candidacy for Congress withdrawn on Friday night.

Sr Zorrilla's signature was on DFS credentials used by several of Mexico's principal drugs traffickers, including Sr Rafael Caro Quintero, who is being held on suspicion of the kidnap and murder in February of Mr Enrique Camarena, a U.S. Drugs Enforcement Administration (DEA) agent.

The Attorney General's office here has issued a statement insisting that there are no criminal investigations pending against Sr Zorrilla.

The Camarena affair exposed a web of official complicity in Mexico's drugs trade, leading to charges being brought against three police commanders, a host of resignations, and investigations against several others. U.S. suspicions that police officials were deliberately obstructing the Camarena investigation worsened the often tense relationship between Washington and Mexico City.

Though there is little chance the PRI will lose the seat Sr Zorrilla was to have stood for, the affair has provided additional ammunition for the opposition in the July 7 election for Congress and seven state governorships. After 56 years in power, the PRI's credibility and prestige has been damaged by the deep economic crisis

Brazil land reforms announced

By Ann Charters in Sao Paulo

BRAZIL'S 10-week-old Government yesterday revealed an ambitious agrarian reform plan, promising to give land to 100,000 families by August 1986, as a first step to establishing rural farms for 7.1m families by the end of the year 2000.

The first attempts at land reform will be in the alternately drought then flood - stricken north-east region of the country where the concentration of land holdings in the hands of few owners is acute and violent confrontations between squatters and private militias are frequent. According to Brazil's most recent census, on land use, 1 per cent of property owners control 44.5 per cent of rural land.

President Jose Sarney, speaking to rural labourers over the weekend in Brasilia, said that the First National Agrarian Plan is "not opposed to private property, but seeks to democratise the land, making it accessible to millions."

Sr Nelson Ribeiro, the Minister of Agricultural Reform and Development, on delivering the plan to congressional leaders yesterday, denied that it was leftist in orientation. It would be "stupidity on my part to propose a socialist initiative in a capitalist society," he said.

Although Congressional approval is not necessary to implement the plan, the Government would clearly like widespread support for what are certain to be difficult days ahead. Decisions must be tackled on what land is to be appropriated for distribution to would-be farmers. The plan proposes initially to takeover idle or unproductive land.

Decades of frustrated attempts at land reform are well known to the Government as are the pitfalls of simply turning land over to settlers. Without technical back-up in modern agronomy to at least increase their odds of success, there is little chance that the new farmers' output can materially increase the volume of food produced or guarantee a livelihood.

Chilean bank launches popular capitalism scheme

BY MARY HELEN SPOONER IN SANTIAGO AND PETER MONTAGNON IN LONDON

CHILE'S largest commercial bank, Banco de Chile, has won shareholder approval for the issue of 11bn new shares to raise the equivalent of about \$180m (£144m) from small private investors.

The issue will be the first under the Government's recently launched "popular capitalism" scheme which is designed to refloat the banking system in the private sector while preventing any damaging concentration of ownership.

Banco de Chile, which along with four other private banks has been under government administrative control since early 1983, will use the proceeds to pay off borrowings from the country's central bank.

Under the share scheme investors will only have to put up 5 per cent of the purchase price of the shares with the rest financed by the Govenment in the form of an index-linked tax credit to a maximum value of the total tax paid over the past three years.

Despite scepticism in Santiago over the likely demand for the shares, other banks are expected to follow suit, with an offering from Banco de Santiago within the next two months and from Banco Internacional and the Colo Cadora de Valores before the end of the year.

The scheme aims to revitalise Chile's loss-making private sector which, as in the case of other Latin American countries, has suffered badly in the aftermath of the debt crisis. Unlike Mexico, Chile resisted the temptation to nationalise the banking sector and assume its losses.

As a further step the Government has also enacted legislation allowing Chilean citizens to purchase for dollars the foreign debt of local companies which can then be converted into equity. A maximum of \$10m of such purchases is being permitted each month.

● The World Bank has approved a \$300bn export promotion loan for Colombia which is part of a broad financial package which is also to include \$983m in loans from commercial banks, writes Stewart Fleming in Washington.

The bank's funds will be used primarily to finance the import of goods to boost Colombia's export industries. Bank officials say that in the 1970s Colombia's export performance was impressive and that this provides grounds for hoping that the financing package will stimulate an improvement in the country's economic performance.

Brutal logic of Beirut bloodshed

BY RICHARD JOHNS, RECENTLY IN BEIRUT

REPORTS of the ruthless killings and atrocities carried out by Amal, the milita of Lebanon's predominant Shi'ite movement in the Palestinian camps on the southern outskirts of Beirut have been sickening enough. In fact, the full extent and nature of the atrocities have been disguised by threats against media based in the western sector of the city, which have amounted to a heavy censorship. It is fast becoming clear, however, that they have been akin to pogroms and genocidal in character.

The bloodshed, with the Palestinians again the main casualties, has been the worst since September 1983 when the Christian Phalangists carried out the massacres in the Sabra and Chatila camps with the Israeli occupying forces closing a malevolent blind eye.

In the present situation contradictions abound. The Shi'ite, who are Moslems and Arabs, have set about the suppression of the Palestinians who are also Arabs and for the most part Moslems. Amal, having precipitated Israel's withdrawal from the south of Lebanon by its courageous and suicidal guerrilla activity, has now turned on the very elements which provoked Israeli's aggression three years ago.

However, inconsistent with the past pattern of the conflict this latest bloody episode in Lebanon's 10-year agony may seem, it does contain a brutal logic of its own in terms of an internal, long-term solution of the conflict.

In the early 1970s, Lebanon enjoyed an unprecedented boom as the main playground and service centres of the Middle East, growing fat on the oil wealth of the Gulf. The country's Shi'ite population remained the most deprived of Lebanon's sectarian communities.

The Palestinian resistance established itself with the approval and help of radical Sunni Moslems, in the south of Lebanon where the majority of the country's 1-1.2m Shi'ite community either lives or comes from. Its villages became the targets of Israeli retaliation, with the intended effect of fomenting bad relations between Shi'ites and Palestinians. So momentarily, the invading Israelis in 1982 became liberators to the indigenous Lebanese of the south, Christian as well as Shi'ite, before they rapidly became the hated oppressor. As Israeli withdrawal has proceeded, Amal leaders stressed that it did not want to see a return of the Palestinian resistance to the south: ironically, in this respect it has suddenly become Israel's ally.

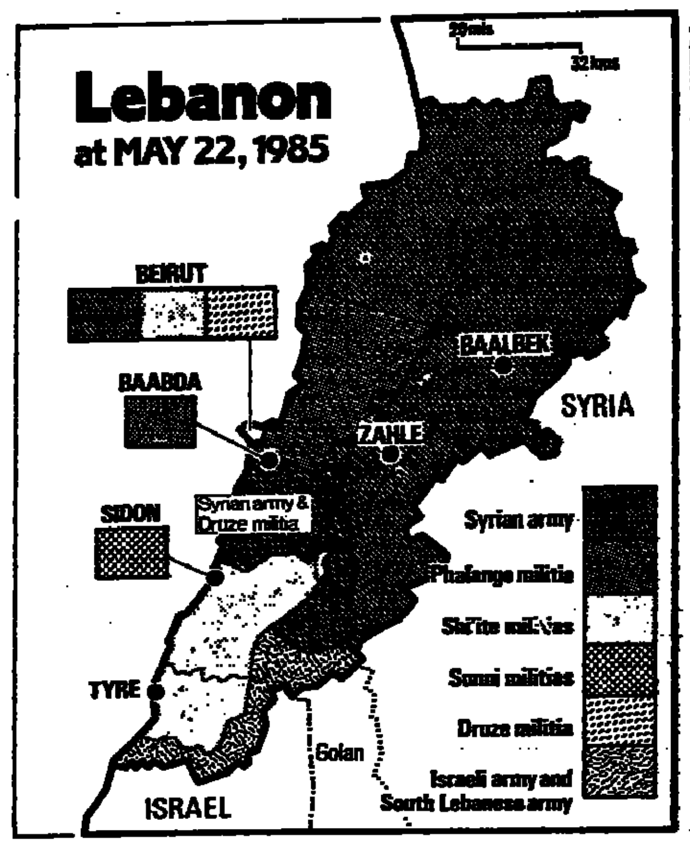
Amal: the Shi'ite movement.
Progressive Socialist Party: controlled by the Druze, a heterodox Muslim sect.
Lebanese Forces: the Christian militia.
South Lebanese Army: Israeli-sponsored Christian militia operating in the South.
Tawheed: Sunni militia based in Tripoli.

At the same time, the Amal movement led by Mr Nabih Berri but seemingly driven more by more militant and extremist elements, has given notice that it wants the fruits of what it—and other Lebanese factions—regard as its victory over the Israelis. That means domination of the south.

Daoud Suleiman Daoud, hero of the resistance and Amal boss in the Tyre area, coined the slogan: "He who liberates the land must have the power of decision." For that reason Amal can be expected eventually to attack the Israeli-sponsored South Lebanon army in its "security zone" being set up in the south.

Over the past three months since the Israelis pulled out of the Sidon area, tension between Amal and the Palestinians has mounted. The mainstream Palestine Liberation Organisation, led by Mr Yassir Arafat, pumped money into the refugee camps to win allegiance of the guerrillas whose presence grew as they infiltrated back. It erupted on April 16-17 when Amal, together with its ally the militia of the mainly Druze Progressive Socialist Party, set about eliminating the diminished power base of the Sunni Al Mourabitoun and the pro-Arafat allies in West Beirut.

Amal sealed off the camps in and around Tyre after Israeli withdrawal from that area and interfered with the movement of Palestinians between Beirut and Sidon. The indications are that initially Amal had the aproval of Syria, now acknowledged by all factions as the final arbiter of Lebanon's affairs and destiny, when its men moved against the camps of Sabra, Chatila and Bourj Barajneh on the night of May 19.



Damascus's aim was to eradicate all pro-Arafat elements in the camps. Syria's position is that the Palestinians and their camps should have some role, if only symbolic and tightly supervised in the confrontation with Israel

Whatever the understanding between Amal and Damascus it quickly broke down as all the armed elements in the camps united in resistance (the struggle between pro- and anti-Arafat elements was, anyway, unresolved) in the face of what they saw as a common threat.

Amal's relations with the extremist Tawheed movement in Tripoli in the north, which although Sunni, also has close links with Ayatollah Khomeini's regime—the main external inspiration of Shi'ite militancy—have became fraught. The "war of the camps" has for the moment eclipsed the power struggle in the Maronite Christian camp and Syrian attempts to resolve in line its still-obscure design for Lebanon's future.

In the meantime Amal's ruthless submission of the Palestinian camps and evident determination to rid its territory of Palestinians should be seen in the context of its claim to a much greater share of power in any new order and undisputed authority over its emerging canton.

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Iraq keeps up air strikes as Gulf war escalates

IRAQ yesterday kept up its heavy air strikes on Iranian towns amid increasing international concern about the latest flare-up in Gulf war fighting. Reuter reports from Bahrain.

Baghdad and Tehran were also hit in retaliatory attacks, which appeared from official reports to be some of the most concentrated raids so far in the 56-month-old war.

In Baghdad, an Iraqi military spokesman said more than 50 aircraft launched "destructive" raids on six Iranian towns near the border between the two countries. He named them as Abadan, Baneh, Dehloran, Gilan-e-Gharb, Ilan and Khaneh.

In previous strikes, he said 63 aircraft had hit eight towns and military camps — Khaneh, Baneh, Marivan, Ein Khosh, Ilam, Abadan, Sar-e-Pol-e-Zahab and Gilan-e-Gharb. He also reported an overnight raid on Tehran.

Iran said it fired a surface-to-surface missile at Baghdad early yesterday after Iraqi jets attacked residential areas of Tehran, killing at least nine people.

Residents in Baghdad reported a big explosion at about the same time, but could give no details of its location.

Iran's national news agency, Irna, which on Monday reported Iranian air raids on military and economic targets in seven Iraqi towns, said Iraqi jets had also fired a rocket into a camp holding Iraqi prisoners of war near Tehran. It gave no casualty figure.

Iran has reported scores of casualties in Iraqi raids which began on Sunday in what Baghdad said was retaliation for Iran's involvement in an unsuccessful car bomb attack on the Emir of Kuwait. Iran has flatly denied the charge.

In Geneva Mr Alexandre Hay, president of the International Committee of the Red Cross, said in a statement a *de facto* truce of nearly eight weeks in attacks on civilian centres had been broken by Iraq.

There were no signs of a response from either side to a UN appeal for restraint in attacks on civilian centres and a positive response to peace efforts.

Israeli manufacturers may quit price-wage pact

BY DAVID LENNON IN TEL AVIV

ISRAEL'S industrialists and manufacturers are threatening to withdraw from the tripartite agreement with the Government and the unions designs to control prices and wages.

This follows the Government decision on Monday night to increase the prices of many goods and services by 14-41 per cent. Under the agreement, these prices will now be frozen for the next two months.

This is the latest in a series of economic measures taken by the Government in recent weeks as it battles to rehabilitate an economy suffering from hyper-inflation, a huge balance-of-payments deficit, and declining foreign currency reserves.

Mr Eli Hurvitz, chairman of the Manufacturers' Association, said yesterday that the price increases failed to satisfy the industrialists.

But his dissatisfaction went beyond what he considered to be insufficient price rises. He said he would recommend that his group back out of the three-way economic "package deal" because, while manufacturers have held prices down, the Government had not, he claimed, carried out its part of the agreement.

Mr Eli Laniado, the association's spokesman, explained: "We entered the package deal in November 1984 on the explicit understanding that it was to provide a breathing spell for the Government to take steps to get the economy on its feet.

"There were even specific promises that the Government would cut its budget, yet nothing has been done in this direction except talks."

The trades unions are also unhappy with the latest price rises, complaining that some instances, such as the 41 per cent fuel price rise, far exceeded the level of increases which had been agreed on in the earlier pact of periodic price rises.

India eases industrial licensing

By John Elliott in New Delhi

INDIA'S industrial licensing procedures have been relaxed to encourage the country's largest companies to invest in 27 major areas including electronics, motor components, printing machinery, oil-field equipment and high technology bulk drugs.

The companies are covered by the Monopolies and Restrictive Trade Practices Act (MRTP) whose provisions delay investment approvals. The areas are being included in a list of industries of national importance and are also likely to be opened up soon to foreign investment.

This is the latest of a series of industrial reforms announced by the Government since Mr Rajiv Gandhi became Prime Minister seven months ago.

It shows that the Government is pressing ahead despite opposition from some members of the ruling Congress I Party who fear that the private sector is being encouraged at the expense of the public sector and that maximising employment is no longer a primary target.

The aim of the programme of reforms is to cut bureaucratic controls and encourage manufacturing companies to expand rapidly and to improve efficiency and quality.

Other policy changes, including general licensing flexibility and a new strategy for dealing with loss-making industries, are now being prepared by the government.

Earlier reforms have cancelled industrial licensing for 25 industries and have introducing a system known as broad banding under which a range of products can be covered by a single investment and manufacturing licence.

The number of companies covered by the MRTP controls was halved when the bottom limit for their asset value was raised in March from Rs 200m (£13m) to Rs 1bn.

Bangladesh toll could be 40,000

By Sayed Kamaluddin in Dhaka

PRESIDENT Hossain Mohammad Ershad of Bangladesh said yesterday that up to 10,000 people died in last Saturday's cyclone and tidal waves that swept the country's south-eastern coastal belt.

In Geneva, however, the League of Red Cross and Red Crescent Societies estimated the final toll might be 40,000 dead, Reuter reports.

Gen Ershad, who visited the affected areas, said he would be appealing to the international community for $50m (£41m) in aid for the cyclone victims.

Newsmen who visited a number of small islands saw dozens of unburied bodies even three days after the cyclone.

The relief operation so far is slow and inadequate. Several hundred thousand people, who have lost their homes in the tidal waves, are still sleeping in the open.

Reuter adds: Ships and helicopters searched seas and seven islands off the coast for survivors of 45-60 feet waves which flowed about 100 miles inland, forcing thousands of people to flee.

The worst-hit areas were the eastern districts of Sylhet and Comilla, the deputy commissioners of both centres said about 200,000 people were fleeing tohigher ground, leaving all their belongings behind.

The flood waters extended into India's neighbouring Tripura State where at least 12 people were killed and nearly 20,000 families were evacuated to relief camps as the region's six main rivers burst their banks.

Comilla,'s Deputy Commissioner, Mr Syed Aminur Rahman said rivers such as the Khowai were raging torrents flowing about five feet above langer level, sending water spilling across fields and through villages.

He said the region was likely to be cut off from Dhaka, nerve-centre for relief efforts, by washed out road and rail bridges.

The Weather Bureau has forecast continued heavy rain for the remainder of the week and the situation is likely to deteriorate further.

Sudan 'to reschedule $2bn'

SUDAN'S MAIN Western creditors have agreed in principle to reschedule an estimated $2bn (£1.6bn) which the country owes them, Mr Awad Abdel-Meguid, the Finance and Economy Minister, said, AP reports from Khartoum.

Sudan had obtained pledges from Gulf countries for $1.3m to help with its urgent investment and development plans.

Final agreement on the debt restructuring is expected soon with the "Paris Club," an unofficial group of Western lenders, the members added but he gave no details.

Last May, the club rescheduled most of Sudan's debts over 16 years to relieve pressure on the economy, then losing 40 per cent of its annual export earnings to debt servicing.

Sudan's new transitional military Government must still find about $5.2m for the rest of 1985 plus repayment of mostly short-term debts that are due, Mr Abdel-Meguid declared.

Pretoria admits Angola venture embarrassment

BY JIM JONES IN JOHANNESBURG

THE SOUTH African Government is growing increasingly defensive over the killing of two of its soldiers and the capture of a third during a supposed sabotage attempt on American oil installations in Northern Angola last Tuesday.

It is doing all it can to assure white South Africans that the abortive venture was absolutely necessary because of national security imperatives.

In parliament in Cape Town yesterday, Gen Magnus Malan, Defence Minister, was scheduled to respond to opposition and foreign condemnation of the incursion.

In its morning comment programme, which is prepared by political mandarins in the government-controlled radio service and which follows closely the ruling National Party line, the South African Broadcasting Corporation (SABC) yesterday admitted that the event was "a serious diplomatic setback for the country."

It played directly into the hands of foreigners who had a vendetta against the country and put "new life into the anti-South African offensive," the programme added.

The announcer went on to justify the incursion as a matter of national survival, stating it was the duty of the military to carry out intelligence-gathering operations to learn the plans of an enemy "intent on overthrowing the South African state by revolution."

The main worry is, however, that the U.S. will seriously reassess its constructive engagement strategy with South Africa. In the past, U.S. diplomats have made it clear to the South Africans that attacks on U.S. oil installations in Angola will be met with tough diplomatic action.

Day of China's taxman cometh

BY ROBERT THOMSON IN PEKING

SINCE THE Chinese Government recently announced tax regulations in an attempt to tax foreign representative offices in China, foreign businessmen have queued to see the Chinese Taxation Bureau, and many still do not know how much they will have to pay, when they should pay it, and who they should pay it to.

Tax consultants and legal firms based here have done good business out of the confusion. The well-informed have told their newly-found customers that they could be liable for tax payments of 63 cents and more on $1 of profit.

The Chinese Government has long been aware that many of the 900 or so permanent foreign representative offices here have been operating as trading companies or consultancies, although the Government has not formally recognised that they are engaging in business activities and has, until now, not tried to tax them.

Jin Xin, the director of the taxation bureau, said that all permanent representative offices of foreign companies are now liable to be taxed.

'It is simple. If you make a profit you pay tax, and if you make no profit, you pay no tax," Jin said. Some of the offices perform solely a representative function, and these will go on paying no tax. Others are paid for trade liaison, market research and consultancy work, and that income is now taxable.

A tax expert based in Peking in a foreign representative office said that the ability to earn tax-free income had been compensation for foreign companies which face enormous costs in maintaining an office here.

He believed that some smaller companies based here may have to reconsider the viability of a permanent office, but large corporations would pay anything to keep and build their China profile.

The general taxation bureau has not yet developed a sophisticated investigation arm, and the tax expert said that it would be relatively easy to evade the new taxes.

"I think it would be easy to cook the books. But there is a danger of being discovered and a blacklisting in China for tax evasion would be more serious than what would happen in the West."

Jin doubted whether the tax would deter businesses

"We welcome foreign businesses to open their offices here and it was necessary to give them tax relief in the past. It is also necessary to impose taxes now. Our tax is lenient," he said.

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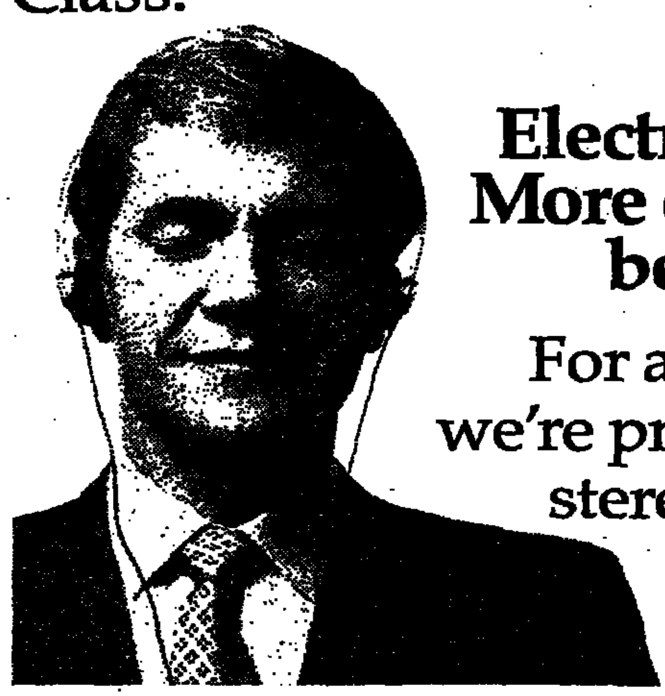

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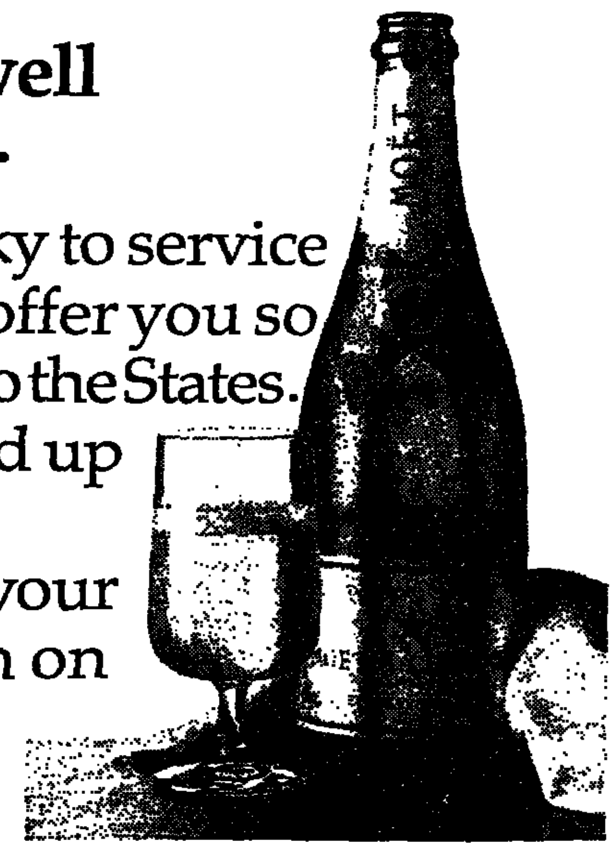

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Lawson seeks to switch monetary focus

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

MR NIGEL Lawson, Chancellor of the Exchequer, stepped up his campaign yesterday to downgrade the significance of the most closely watched indicator of the money supply as an instrument of policy.

In a speech to a trade association in London, he sought to divert the City of London's attention from the rapidly growing sterling M3 (cash and bank deposits), and to lay more emphasis on the much narrower definition of money, M0, which consists almost entirely of notes and coins.

Mr Lawson's remarks suggest that he was riled last week by the comments of a senior Bank of England Official to a committee of MPs. He said there was no convincing evidence that "monetary conditions" had been brought back under control after the sharp rise in interest rates in January.

Yesterday the Chancellor said: "Despite some ill-informed comment, monetary conditions have been firmly under control, certainly since the sharp rise in short-term interest rates some four months ago."

He then highlighted a sentence from his budget statement this year which said that the broader definitions of the money supply were becoming somewhat less significant.

His comment yesterday follows an announcement by the Treasury last week that it will generally be looking at the growth of sterling M3 over a longer timespan than previously.

This would tend to downplay the significance of excessive growth over a short period and make the monthly figures published by the Bank of England less significant for short-term interest rates.

Mr Lawson said his confidence in monetary control gave him "no doubt" that the "regrettable recent rise in inflation ... will reverse itself ... in the second half of the year." He was similarly confident about the prospect for growth and jobs. Concern about unemployment should not obscure the fact that the economy was performing "very well indeed."

Mr Lawson then gave his audience a substantial glimpse of his forthcoming Green Paper (discussion document) on the reform of personal taxation, promised at the time of his last budget.

On the question of integrating the tax and social security systems Mr Lawson showed himself to be sceptical, although he promised that the Green Paper (discussion document) would explore the options. Integration of income tax and National Insurance contributions would save administrative costs, but it would jeopardise the principle that National Insurance benefits were related to previous contributions.

"I see considerable merit in bringing home to people the fact that social security has to be paid for," he said. Moreover, it would not generally be considered right that older immigrants to the UK should automatically be entitled to retirement pensions. Mr Lawson also seemed doubtful about whether a wider integration of the income tax system and social security benefits was desirable.

Michael Donne on the reasons behind the collapse of the Lear Fan aircraft project

Moving too fast in too slow a market

WHILE the political inquest into the failure of the international Lear Fan aircraft project – with its loss of £57m of UK taxpayers' money – begins, the aerospace industry is looking closely at the technological and other reasons for the collapse.

The early conclusions are that the Lear Fan failed primarily because of a laudable, but probably too ambitious, concentration on advanced technology in a small aircraft, especially in the use of composite materials. This was at a time when the economic recession was dampening demand for business aircraft.

One point that is made strongly is that, even for some of the biggest manufacturers involved in business aircraft development – such as British Aerospace, Beech of the U.S. and others – the use of composite materials is an exacting technology requiring heavy investment in research and development, and resulting in slow progress in development.

Lear Fan may well have been too ambitious and too early into composite materials technology – the aircraft was designed to use substantially such materials as graphite/epoxy.

Other aerospace manufacturers have been proceeding more slowly, with substantial cash investments and reseach programmes, often conducted on military ventures to prove the technology before committing it to commercial aircraft. One example is the U.S. Sikorsky Helicopters advanced composite aircraft programme (ACAP) for the U.S. Army.

Even British Aerospace is first proving its advanced research with composite materials on military ventures – such as the experimental aircraft programme (EAP) for a new fighter, now under development for flight next year – before committing it to civil production.

Whether Lear Fan itself moved too fast into such technology is a matter for speculation. What is undeniable is that it was trying to develop a complex aircraft at a time when the business aircraft market was slowing down.

In the U.S. the world's biggest user of business aircraft and the biggest manufacturing base for these, demand for light aircraft for business and general aviation has slumped. From deliveries of almost 18,000 light business and general aviation types in 1978, total output had fallen by 1984 to little more than 2,400.

The U.S. General Aviation Manufacturers' Association hopes that last year represented the bottom of the slump, but so far this year there has been only a slight improvement.

Factors influencing this have not only been over-production of such aircraft (there are more than 20 such manufacturers in the U.S. alone), at a time when the recession led to a waning of interest among companies for such aircraft. Projected changes in U.S. tax laws that would render business aircraft liable to tax as fringe benefits have helped to depress the market.

The effect has been production cuts, job cuts and even factory closures in the U.S. general aviation industry. Elsewhere in the world, production has slowed as sales have been more difficult to achieve.

What continues to encourage the manufacturers is the belief that, in the longer term, the outlook for the rest of the century is good.

A recent study by British Aerospace, which builds the successful 125 business jet, indicates a potential worldwide market for business aircraft of about $38bn by 1993.

A comparable study by U.S. market research analysts Frost & Sullivan suggests that, as the recession fades, interest in business aircraft is likely to revive.

Both forecasts are based on a belief, proved in past experience, that companies and even individuals with their own aircraft find the improved mobility and freedom from airline and airport congestion are benefits outweighing the operating costs involved. Frequently, when used correctly (and not as chairmen's toys), business aircraft can pay for themselves handsomely.

The Lear Fan failure is not likely to deter others in the aerospace business. Beech's a big builder of business aircraft, is pursuing its own venture, the Starship One, as is Avtek with its Model 400. Both make extensive use of composite materials and other advanced technologies on flight decks and elsewhere in the aircraft.

Virtually every other large manufacturer of aircraft worldwide is pursuing composite materials technology vigorously, convinced that the benefits to be gained from lower weight and increased structural stiffness and integrity can be converted into lower operating costs and profits for manufacturers and operators alike.

In the aerospace business, nothing succeeds like success. The Lear Fan failure, regrettable though it may be, is another in a long series of failures that have marked the technological progress of aerospace for many years.

Striking the balance between risk and reward

BY OUR BELFAST CORRESPONDENT

WHEN THE De Lorean car project collapsed, the House of Commons' public accounts committee, which monitors public spending warned the Northern Ireland Industrial Development Board (IDB) of the need to strike the right balance between risk and reward.

Similar advice will no doubt follow the clash of the Lear Fan venture. After all, millions of pounds of public money have failed to bring jobs.

The IDB did not negotiate either deal. It was formed in 1982 – years after both projects were signed up. But the agency's later involvement in monitoring the companies and analysing the failures has helped to shape a fresh approach to the task of regenerating industry.

The IDB is well aware that publicity about De Lorean and Lear Fan can damage not only the credibility of Northern Ireland as an industrial location, but also the agency's own reputation. It has struggled hard to compete abroad with other development authorities and to gain the trust of companies at home.

Mr Saxon Tate, then deputy chairman of Tate & Lyle, was hired in 1982 as the first chief executive of IDB and even his strongest critics would not blame him directly for the Lear Fan collapse. Whatever errors of judgement might have been made, the IDB's monitoring of the venture on behalf of the Government was intense. Unlike De Lorean, there is no suggestion that officials lost touch with the venture or with its finance.

The IDB is operating in new circumstances. Large mobile international investments have dwindled and its staff are scouting the major industrial nations for viable projects likely to bring employment.

Foreign investment, as part of the job creation operation, must also be put in perspective. Strengthening local industry is the main task. Mr Tony Hopkins, a deputy chief executive of the IDB, revealed this month that £126m, about 95 per cent of all the selective financial assistance paid last year, went in support of Ulster companies.

The agency's techniques and policies have been refined and it has just published a medium-term strategy for 1985-90. Central to its approach is that the development of Northern Ireland industry must be market-led.

Its ability to help new and expanding companies depends crucially on the calibre of staff. Steps are being taken to recruit and train the most professional executives available. In order to strike that balance between risk and reward it has developed improved systems to evaluate and monitor investments.

Lloyd's discipline panel names six

By John Moore, City Correspondent

AUTHORITIES of Lloyd's, the London insurance market, are studying recommendations of a disciplinary committee concerning the activities of six of the market's professionals in the events leading up to the controversial affairs surrounding the Richard Beckett Underwriting Agency.

The committee has recommended that

- Mr Peter Dixon, who once ran the underwriting agency, should be expelled from Lloyd's and fined £1m and pay £215,430 towards costs of the proceedings.
- Mr Adrian Hardman, a former underwriter with the agency, should be suspended for a period of up to two years from January 1 1985. The committee has suggested that he should pay £56,200 towards the costs.
- Mr Colin Davies, another agency employee, should be suspended for up to a year from January 1 1985. Costs of £40,172 have been awarded against him.
- Mr Anthony Oldworth, also with the agency, should be suspended for up to a year from January 1 1985. Costs have been awarded against him of £37,466.
- Mr Alan Sampson should be excluded from the membership of Lloyd's and should meet costs of £18,733.
- Mr David Hill should be reprimanded and censured. Costs have been awarded against him of £9,366.

Other disciplinary action is still in progress against the former chairman of Minet Holdings, Mr John Wallrock and no verdict as yet has been reached.

So far the Lloyd's authorities have taken no action, although the findings were completed on January 30 this year. Since then the troubles surrounding the Richard Beckett company, which is part of Minet Holdings, the large insurance broker, have widened as £130m worth of losses have been revealed which 1,525 members of Lloyd's will have to meet.

The disciplinary committee was studying the involvement of former managers and underwriters of the Beckett agency, once known as PCW, and the extent to which they received personal benefit from £40m of the underwriting members' funds in secret.

□ A "rescue" plan arranged by Willis Faber, the insurance broker, to help underwriting members of Lloyd's facing a £20m loss is set to founder. More than 50 underwriting members to whom the plan has been offered are preparing legal action rather than accept the offer.

The problems centre around Lloyd's insurance syndicate 895, into which 243 members of Lloyd's are grouped and which is managed by Willis Faber's underwriting management company Spicer & White. The underwriting members have been facing losses of up to £20m and Willis Faber recently arranged a letter of credit and a loan arrangement with Chase Manhattan Bank.

The offer is conditional on the level of acceptances received.

Underwriting members refusing to accept the offer are worried that as part of the deal they will not be able to take legal action against any of the parties involved in the losses for the period of the loans provided by Chase Manhattan.

Clash over entry rights to Britain

Financial Times Reporter

IMMIGRATION again became a political issue in Britain yesterday. First, the European Court of Human Rights in Strasbourg ruled that the UK was guilty of sex discrimination. A row then arose over the Government's decision to give MPs just 24 hours to make representations to prevent Tamil refugees being sent home to Sri Lanka.

The European Court's verdict came in a test case brought by three women, all legally resident in Britain but born elsewhere, whose husbands were banned from the UK under the 1980 Immigration Act. Its decision could lead to changes in the rules affecting thousands of couples separated by the present legislation.

Mrs Nargis Abdulaziz, Mrs Arcely Charles and Mrs Sohair Balkandali, originally from Malawi, the Philippines and Egypt respectively, took the Government to court after being refused permission to bring their husbands to live in Britain.

They said the fact that men who are legally settled in Britain were allowed to bring in wives from abroad amounted to sex discrimination under the European convention of human rights.

The Government had claimed that discrimination was justified because of the need to control the numbers of migrant workers at a time of high unemployment.

The Tamil question developed into a row during a meeting between the Home Secretary, Mr Leon Brittan, and three Labour MPs, who were angry that the Government had given them only 24 hours to make representations to prevent the Tamils from being sent home.

Mr Jeremy Corbyn, who led the delegation, said some Tamils would face death if they returned to Sri Lanka.

About 400 Tamil refugees are estimated to have arrived in Britain last weekend, bringing the number who have arrived over the past two weeks, because of the racial violence in Sri Lanka, to well over 1,000.

Sinclair denies slide in computer sales

BY JASON CRISP

SINCLAIR RESEARCH strongly denied yesterday that the British home computer market had collapsed. It predicted only a small fall in sales this year.

The company, which is in financial difficulty, is particularly keen to reassure potential investors that the home computer market is not finished. Sinclair Research is seeking £10m to £15m for a financial reconstruction after a recent cash-flow crisis.

Sir Clive Sinclair: to stay as chairman

There is considerable dispute over the state of the home computer market. Some sources show that sales last year were slightly higher than 1983. This is partly because there was considerable unsatisfied demand just before Christmas 1983, which resulted in higher sales in early 1984.

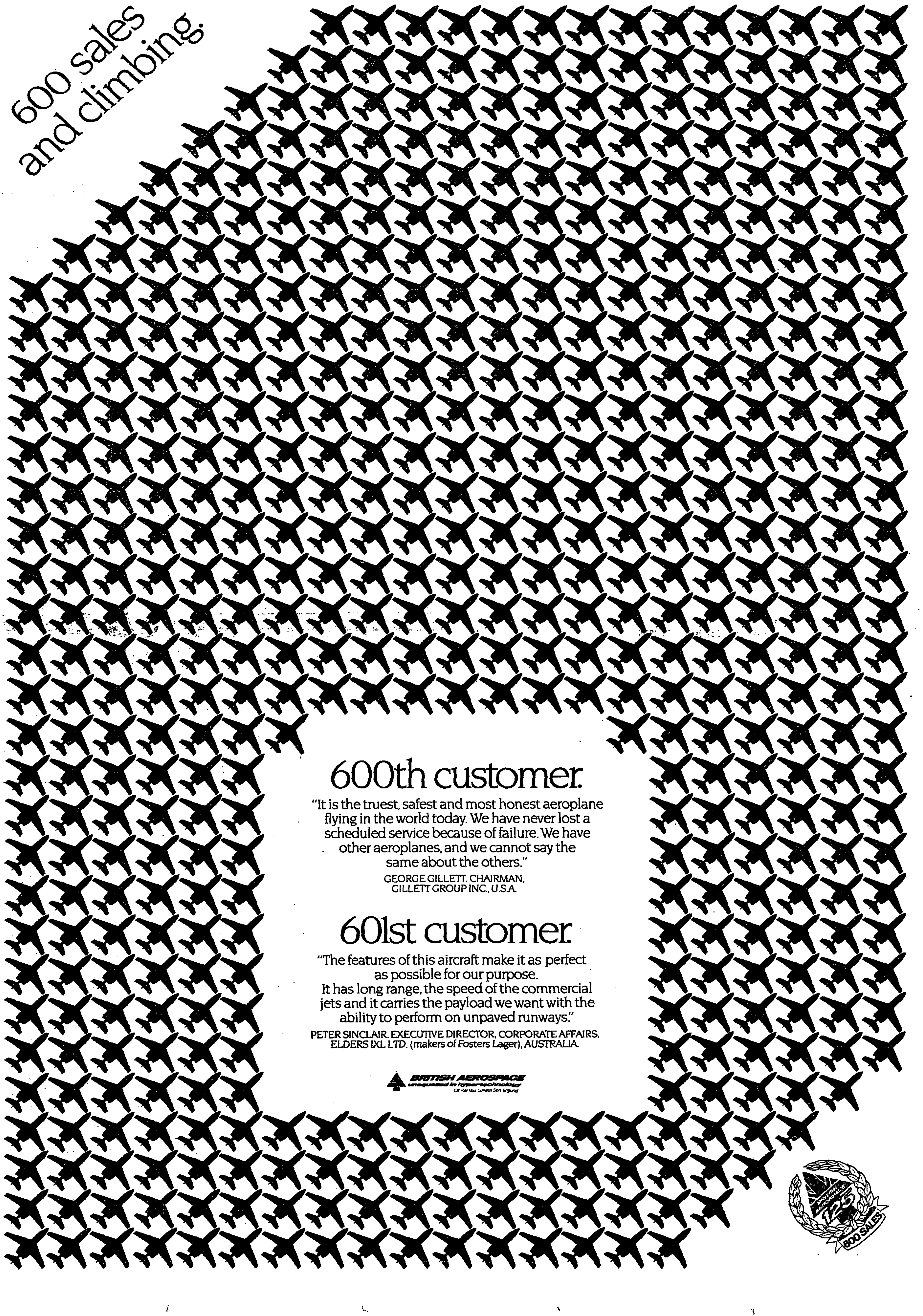
The critical pre-Christmas period last year was, however, weaker than in 1983. This is particularly important because nearly half the annual sales of home computers are made in the last three months of the year.

As a result, Sinclair Research ended the year with stocks of £34m, which have only been reduced since to £30m. Yesterday Sinclair Research predicted sales in 1985 were likely to be 1.2m units, compared with 1.5m last year, and claimed a 40 per cent share of the market.

The company is to start discussions with potential industrial partners which may take a substantial minority stake. Sir Clive Sinclair, founder and major shareholder, is to step aside as chief executive. He will remain as chairman and play an important role on the technical and product development side.

Last night Sinclair Research said it could take up to two months to find suitable investors in the company. Its cash-flow problems have been temporarily solved as its main creditors, Thorn EMI and Timex, have accepted a two-month delay in payments.

Sinclair Research does not appear to be in such a difficult position as Acorn, the UK home computer company, was earlier this year when it had to be rescued by Olivetti of Italy.


600 sales and climbing.
600th customer.
"It is the truest, safest and most honest aeroplane flying in the world today. We have never lost a scheduled service because of failure. We have other aeroplanes, and we cannot say the same about the others."
GEORGE GILLETT. CHAIRMAN, GILLETT GROUP INC., U.S.A.
601st customer.
"The features of this aircraft make it as perfect as possible for our purpose. It has long range, the speed of the commercial jets and it carries the payload we want with the ability to perform on unpaved runways."
PETER SINCLAIR. EXECUTIVE DIRECTOR, CORPORATE AFFAIRS, ELDERS IXL LTD. (makers of Fosters Lager), AUSTRALIA.
BRITISH AEROSPACE
600 SALES

UK NEWS

Transport union vote inquiry criticised

By Philip Bassett

THE INDEPENDENT inquiry carried out by the Industrial Society into allegations of voting irregularities in last year's general secretaryship election in the Transport and General Workers' Union (TGWU) *was "merely cosmetic," according to* a confidential analysis of the inquiry's findings.

The unpublished analysis, carried out on behalf of "moderate trade union opinion within and outside the TGWU," says that the recommendations of the report, written by Mr John Garnett, the society's director, "do nothing to eradicate the basic deficiencies" in the TGWU's electoral system.

Leaders of the TGWU, who have accepted the Garnett report's recommendations, called for the inquiry after allegations of voting irregularities in the union's No 1 region, covering London and the south-east of England.

Subsequently, the union ordered a re-run of the complete ballot. Voting in the fresh election ends next week.

The moderate analysis of the Garnett report describes it as a "minimal, superficial inquiry" and says that moderate opinion within and outside the union has been "deeply concerned" about its "limited scope."

It says of the inquiry: "It was based almost exclusively on what the principal officers involved had to say about their own conduct of the ballot – an unseemly basis for objective analysis."

The critique of the Garnett report asks why there was no examination of:

- Membership lists on which the issue of ballot papers were based.
- A number of selected voting sites, to compare sampled results with alleged ballot returns.
- Claims of a widespread failure to provide access to the ballot.
- Suggestions that votes were removed from cardboard ballot boxes or supplemented by other votes.
- Six hundred branches and more than 1,000 workplaces in Region 1 where no voting took place.
- Unused ballot papers.

The analysis calls for the publication of branch and workplace results – the subject of court action next week – and an independent verification of the voting

Savings inflow fails to satisfy mortgage needs

BY MARGARET HUGHES

BUILDING SOCIETIES, the savings institutions that provide most of the house purchase funds in the UK, are still failing to attract the revenue they need to meet mortgage demand.

Preliminary estimates of their inflow this month indicate that societies have attracted some £550m. This is marginally higher than last month's inflow of £507m but far short of the £800m a month which societies estimate they need to meet demand from home buyers.

Although the inflow is lower than societies had hoped for there is some relief that it has at least held up. Generally in May there are substantial withdrawals by investors to meet down payments on summer holidays.

Mortgage demand continues strong at just over the £2bn mark. This is somewhat lower than some societies had expected in what are the peak home-buying months.

Although the Royal Institution for Chartered Surveyors (RICS) reported last week that higher mortgage rates do not appear to be deterring home buyers, some major societies claim that there is some *resistance to the higher rates.*

In the latest issue of its Home Savings magazine the Halifax, Britain's largest building society, comments that while this year may have been an excellent one for savers, higher interest rates have been a "sad burden" for home buyers.

It says it doubts whether this "imbalance" can continue, claiming that societies are getting close to the maximum rates of interest that borrowers can pay.

Despite the recent leap-frogging of investment rates, societies are still not attracting the level of funds they need. Societies are already dipping into their liquid assets to meet mortgage demand.

In April the liquidity ratio of the industry as a whole sank to its lowest level for 10 years to 17.3 per cent seasonally adjusted.

This has been particularly so at the Halifax which last year sharply reduced its liquidity from 18.9 per cent to 15.9 per cent to meet its 43 per cent rise in mortgage lending to £5.35bn.

Societies are still suffering from the increased competition from banks for investors funds. A reflection of this has been the further flurry of enhanced returns on building society investment accounts announced over the past week.

Life offices strengthen position in pension funds management

BY ERIC SHORT

LIFE companies are now becoming a significant force in the direct pension fund management sector, challenging the dominance of the merchant banks and stockbrokers, according to the latest annual survey by Pensions magazine of pension investment management.

Until recently, life company involvement in this area was confined either to offering insured schemes, where the investments were in the main fund, or to managed funds where assets were held in a pool and pension funds bought units relating to those assets.

Pension fund trustees wishing to hold their own portfolio of assets, known technically as segregated funds, used the services of a merchant bank or a stockbroker.

The survey showed that last year life companies came into the segregated fund market in a significant manner. Prudential, Britain's largest life company, had £2.57bn of segregated funds under management at the end of 1984, more than double the value of funds managed at the end of 1983. Eagle Star Holdings, now part of BAT Industries, had £709m under management at the end of the year.

LARGEST PENSION FUND MANAGERS

Manager	Funds under management Dec 31 1984 £bn	% increase from Aug 1 1984
S. G. Warburg	6.68	24
Schroders	5.50	18
Robert Fleming	4.13	11
Phillips & Drew	4.10	17
Barclays	3.30	6
Morgan Grenfell	3.30	2
Hill Samuel	3.10	11
County Bank	2.73	15
Lloyds	2.60	10
Prudential	2.57	n/a
Baring Brothers	1.96	23

The survey shows that merchant banks still have the lion's share of the pension fund investment management market, with only Phillips & Drew, of the stockbrokers in the segregated field, making the top listing. Growth in funds under management looks staid against those of life companies, chiefly because the banks are mature in this sector.

Life companies have been forced into the segregated fund sector by the growth in competition for pension fund management. The trend is for pension scheme trustees to want to hold their own segregated assets, switching out of life company managed funds. Life companies have been forced to offer segregated fund management in order to retain clients. Now that they are in this area, many life companies intend actively to seek new clients.

The survey shows that competition is becoming keen and a fund manager that fails to meet investment requirements, even over a comparatively short period, is in danger of losing clients.

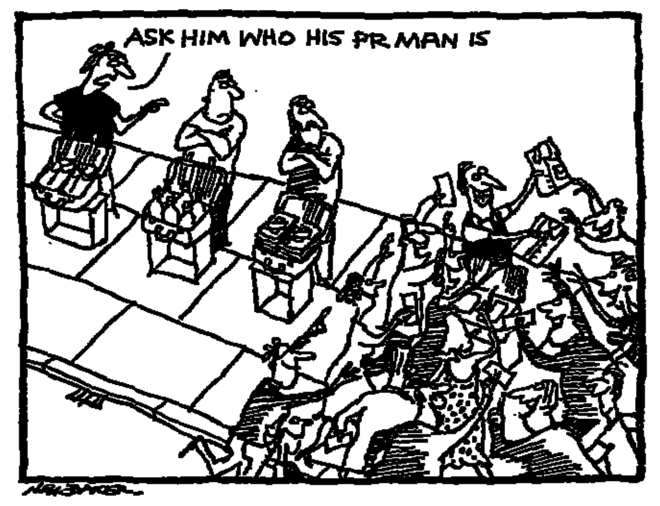
FINANCIAL TIMES SURVEY

Wednesday May 29 1985

Public Relations

Mr Douglas Smith, chairman of the Public Relations Consultants Association, at last year's annual conference. This year's conference, in London on Saturday, will have PR in Industry as its theme.

Substantial new business is being won by leading consultancies as more companies seek to sharpen their public image. Smaller agencies, too, are benefiting from growing demand in specialised fields, such as high technology.



By David Churchill
Consumer Affairs Correspondent

BRITAIN'S PUBLIC relations business is enjoying its best-ever year as companies of all sizes and from all sectors seek the help of public relations practitioners to promote their marketing effort in the face of competitive trading conditions.

The boom, which follows the industry's remarkable buoyancy during the recession, has taken by surprise even some of those within the sector, with the effect that public relations consultancies are urgently seeking more staff. "Public relations is wide open for professional people—such as accountants and lawyers—who have a disciplined approach," points out Airdrie Taylor of the Taylor Bennett recruitment agency which specialises in PR appointments.

Consultancies that have managed to put togeher the right combination of staff are reporting significant increases in new business gained this year: Kingsway, for example, has put on £300,000 worth of new business, excluding acquisitions, this year on top of existing fee income of around £1.5m. Other major consultancies have done as well or better.

This growth, not surprisingly, is increasingly attracting the attention of the major advertising agencies who not only see PR as a threat to traditional advertising revenues but also as a means of capitalising on a growth sector.

The Wight Collins Rutherford Scott agency earlier this year acquired the Biss Lancaster public relations consultancy in a deal which could be worth up to £6.5m. Stock market rumours have persistently linked Saatchi and Saatchi with the acquisition of a major UK PR consultancy.

The growth of the PR business in Britain is mirrored by the increase in importance of the Public Relations Consultants Association which holds its annual meeting on Saturday. The PRCA now has 110 members who between them last year earned just over £41m in fee income, up from £25m in the previous year.

This is only the amount of fees earned by these consultancies: if the total amount spent in the UK on public relations—both in-house and consultancy—is taken into account, the industry is worth, according to some estimates, approaching £500m.

Survey

Douglas Smith, chairman of the PRCA, points out in its latest yearbook* that a survey (carried out by Carl Byoir) shows that some 69 per cent of the top 500 British companies now use public relations consultancies, compared with 36 per cent in 1982 and 21 per cent in 1979.

In the U.S.—where public relations has been a more established profession for many years—some 84 per cent of the top 500 companies used PR consultancies last year, a rise from 82 per cent in 1982 and 78 per cent in 1979.

"In fact," adds Mr Smith, "nine out of 10 of the top 50 companies in Britain employ PR consultancies, the majority of whom are members of the PRCA."

Why is PR—especially consultancy PR—doing so well? Virtually every PR practitioner has his or her own favourite reason for the boom and there seems no shortage of evidence why the growth should not continue unabated.

One reason for the boom, argue consultancy PRs, is that consultancies are offering a service either in addition to, or instead of, traditional in-house PR departments.

Some evidence suggesting that in-house PR may be becoming less popular comes from a survey of 266 leading journalists carried out by the Quentin Bell organisation. This survey found that: "PR consultancies were seen as providing a better service than in-house industry departments who were perceived as providing a less useful service than they had in 1982 when the survey was last carried out." Some 69 per cent of journalists surveyed felt that consultancies did a better job compared with 31 per cent who plumped for in-house PR.

Generally, however, the boom in PR is ascribed to the growing awareness of companies of the value of PR. "There has been a significant change in managements' view of the importance of PR in the marketing mix," suggests Angela Heylin of Charles Barker Lyons. "As the commercial world becomes more complex, so does the need to get the message across," Tony Good of Good Relations says.

Adele Biss, of Biss Lancaster, also suggests that PR is a more effective way of reaching target groups such as consumers, businessmen, journalists, environmentalists, and so on. "There are a growing number of these groups who are articulate and influential and clients want to reach them," she says. "PR is cheaper and more efficient in reaching them."

Welbeck's Ann Wright adds that "public relations can communicate a message at a cheaper cost than advertising."

The growth of PR activity over the past year or so also owes much to first-time users of PR, especially in the areas of financial, corporate, and high-technology public relations. Marks and Spencer, for example, recently appointed Valin Pollen to advise on financial PR—the first time that Marks had used an outside consultancy.

Mr Kevin Traverse-Healy, the president of the Institute of Public Relations as well as working in consultancy PR, points out that "the spate of merger activity has shown up the lack of corporate awareness by a number of major companies."

He adds that the growth of the Unlisted Securities Market has added to the demand for PR services by companies seeking a USM quote.

Corporate image

New users of PR are also coming from areas away from these mainstream activities. The Nottingham area of the National Union of Mineworkers, for example, has used a local PR consultancy, Myles PR, in its attempts to defeat changes in the union's rule-book put forward by the union's national executive.

Moreover, the poor media performance of Mr Ian MacGregor of the National Coal Board during the year-long strike has prompted many companies to take a fresh look at their corporate image.

Moreover, legislative changes that have allowed accountants and other professional groups to advertise has also prompted them to employ public relations consultancies to improve their image.

The drawback to all this growth, however, is that PR consultancies may over-reach themselves; they may be unable to find sufficient staff of the right calibre or develop management structures within consultancies to deal with the extra business being generated. Some companies may already feel that PR consultancies do not deliver the goods, judging by the speed with which they change consultancies.

Consultancies that lose such clients, however, will argue—sometimes justifiably—that the company failed to understand just what they could expect from using a consultancy. It is this yawning gap between what clients expect and what consultancies can deliver that poses one of the biggest threats to the sector's continued growth.

Both the PRCA and the Institute of Public Relations are aware of the need to increase the professionalism of those in PR. The IPR, for example, is concentrating on building up educational and training standards within PR so that it will be in a position in a few years' time to consider whether it should try for chartered status.

Moreover, it is seeking to build up its membership from its present level of around 2,500 to try to bring in some of the 10,000 or so other PR practitioners in the UK.

Another thorny problem—which few consultancies are happy to face up to squarely—is just how to calculate fees charged to client companies. A recent survey by Marketing magazine found a wide variety of fee systems being used by consultancies, with the most common being a fixed annual fee.

"Judging from the survey findings, and the mass of comment and qualification that came with the returned questionnaires, PR is not just a free market but is also in considerable disarray," commented the magazine.

Subtle benefits

Peter Gummer of Shandwick does not consider the fee issue to be a problem. "There is no problem if you are doing a good job," he says. "Clients will pay you fees that your input is worth. I must say that I have never had an argument with a client over fees."

A further complication that could slow down PR's growth in the UK is client concern over just how effective PR is. The advertising industry has responded to its clients' concern over the years by developing fairly sophisticated systems for quantifying the benefits from particular media exposure.

PR, by its very nature, is "below the line" in marketing terms and its effect is hard to quantify apart from measurable column inches in the press. Good PR, however, is more than simply getting a press mention but it is not always easy for the client company to appreciate the more subtle benefits of PR.

A number of major consultancies now carry out market research surveys—both before and after a PR campaign—to gauge just how far the key elements of the campaign have been received. But it may be that a more sophisticated system of measuring the effectiveness of PR is needed if client disenchantment is not to set in within the next few years.

Certainly the public relations consultancy business cannot afford to be too complacent that its present high growth rate will continue unchecked. Apart from the problems already outlined, the profession could begin to face greater public scrutiny especially in such areas as lobbying. A parliamentary committee is shortly to publish a report on the subject which could put a brake on this sector's growth.

But, in one sense at least, the PR industry in Britain may have been seen to come of age over the past year: the PR business has now spawned its own independent trade paper, PR Week, which enables consultancies to tell each other how well they are doing. A sure sign that the PR profession, at least, is taking itself seriously.

** PRCA Yearbook, published by Financial Times Business Information, 102, Clerkenwell Road, London, EC1, price £16.50.*

Contents

Business is booming for the international consultancies says **Feona McEwan**

The global view yields rich rewards

AS EVERYONE in public relations will tell you these days, they have never had it so good. And nowhere is this more demonstrable than on the international front with the big consultancies getting bigger and doing so by dint of the international call to duty. The reason we have grown, say the big three—Burson-Marsteller. Hill and Knowlton and Carl Byoir —is because of our transnational capabilities.

Like advertising and accounting firms which mushroomed by the global route, so too with public relations.

"Budgets are increasing sharply worldwide," says Mr Robert Leaf, international president of Burson-Marsteller, who speaks with 17 years experience of the global scene. "... even in the U.S. where we started with a higher base."

"Overseas business is growing at a phenomenal rate," says Mr Terence Franklin, executive vice-president of the international division of Carl Byoir Associates—Welbeck, a company which is poised to sink millions of dollars into its expansion plans.

Though precise growth figures are hard to come by, Burson - Marsteller, which reckons it is the world's largest PR firm, reports it has grown 32 per cent in 1984 to a turnover of $84m across the board, with a 30 per cent growth expected this year, much of that from international work. This means in the last three years the company, which has offices in 30 countries, has doubled its fee income.

Of course, it was not ever thus. Mr Loet Velmans, chief executive of Hill and Knowlton Inc who helped launch the company's international arm 32 years ago, explains: "The pendulum swings. We helped pioneer the idea of international PR in the fifties, when the word multinational was invented. At the time it was predicted that American multinationals would take over the world." Subsequently H&K, like its rivals Burson-Marsteller and Carl Byoir, have of course, become American multinationals themselves. Now H&K boasts some 56 offices worldwide.

The Seventies saw the climate darken. "There was a strong reaction to the concept of U.S. multinationals especially from the developing world and Europe and the emphasis was on companies going their own way."

Pendulum swings

"In the last couple of years the pendulum has swung towards international PR with developing countries seeking investment again the multinationals concentrating on getting the corporate message out on a worldwide basis.

"There is a growing recognition among large and medium-sized corporations that their international business affairs should be supported by PR programmes," he says. In new markets they can run into a number of problems from environmentalists, and other pressure groups, such as financial parties, legislative bodies and local authorities.

"It is no longer an American prerogative to have the global view. We are doing extremely well on behalf of companies from all over—Germany, Hong Kong, Canada, Sweden, Australia. . . .

"During the recession there were fewer clients who wanted one programme to cover, say eight, ten or 15 countries, but in the past two years this trend is coming back strongly," says Mr Velmans.

The traffic in PR is not, however, all one way any more. Where it once was the rule that U.S. PR consultancies spread tentacles overseas as a means of growth, Good Relations, the homegrown UK agency, is reversing the process.

"In 1961 when we started," says Mr Tony Good, chairman, "nearly all the market leaders in the UK were wholly-owned subsidiaries of American advertising agencies. We are the first UK PR company to go to the U.S."

The reason he gives for the recent acquisition of American consultancy Cullen and Casey is "an increasing amount of business is transnational mainly concentrated in the U.S. and UK and we see international PR as an important growth market. A modest step though this acquisition of a smallish agency may be, it will not be GR's last.

It is widely believed to be the start of a significant expansion exercise taking in more of the U.S. and fast-developing regions like Australasia and the Far East, perhaps even India."

In the early days, the U.S. and the UK (in that order) led the field in PR expertise but now other countries are beginning to catch up—awareness of the PR function has been growing worldwide. H&K reports a burgeoning Hong Kong office with more than 80 staff, and its new China office is bringing in good business from American and UK clients.

The Japanese are more aware of the PR function as they have grown into an international force and Brazil, despite or perhaps because of its economic climate is moving fast.

Burson-Marsteller says that Australia is an up-and-coming market and Europe is picking up. Carl Byoir has just acquired a substantial stake in Italy's second largest PR company, Aldo Chiappe.

The profile of international PR has been distinctly raised in the 1980s, as it has advanced in function and in stature. Mr Leaf explains some of the principal developments: companies, he notes, are maximising their PR effort by beginning to work on a more global basis—that is, demanding programmes for *all* of South East Asia or *all* of Europe where previously each country was tackled individually. It is a sympton of the increasing demand for value for money and the belief that ideas do cross boundaries (even if they do then require local tuning)—what appeals to a doctor in Germany is likely to appeal to a doctor in Japan or the UK.

Project-oriented

Companies are becoming more project-oriented, using consultancies when and only when they need them. "It is not cost effective to use consultancies for something you can do internally," says Mr Leaf. In turn, in-house PR departments no longer consider consultancies the threat they once did — after all, he says, companies have to have good internal PR for us to function, to relate to.

While PR budgets are growing, he discerns a move around the world towards smaller internal PR departments — recession having made them less labour-intensive. "When you use a consultancy, you can turn it off."

More top management among clients is now taking a personal interest in the public relations function—"we're dealing with more chairmen and presidents than ever."

Companies are now looking further ahead into possible areas of crises. This means that they are planning how to cope with events before they happen. Hotel chains, for instance, are asking what happens if there is a fire tragedy, pharmaceutical firms want to know how to handle problems of side-effects of drugs.

Areas in which PR is particularly flourishing include consumer product marketing, the professions, teaching executives how to deal with the media, corporate and financial affairs. Financial activity is very heavy in the UK. Companies now seek help in positioning and presenting themselves to interested parties, such as shareholders, the City and employees.

New issues and contested bids consume considerable PR energy. "We advise companies how to position themselves, what the most appropriate presentation of share offer might be, for instance, even what name is most suitable for a company to be marketed by . . . ." Mr Good says.

As the world's financial markets move closer, says Mr Velmans, share holders are more widespread and companies are more conscious of the need to address a worldwide community. Companies can find themselves borrowing from international consortia, be they Swiss, German, or based in Hong Kong, and they need to know the best method of approach.

Gone are the days when press relations consumed the bulk of a consultancy's efforts. Now they are as likely to be organising the Olympic torch run over 9300 miles using 80 part-timers and 14 full-timers over 14 months (Burson-Marsteller).

Watching briefs

Or they could be presenting a Japanese company's reports and accounts to investment advisers in five countries (as does PR *Organisation International* whose UK arm is Ellis Kopel) for the industrial giant Sumitomo.

Or they can be advising a company which wants to pull out of a market how to handle trades unions, governments and other interested parties. They can be conducting watching briefs such as checking on the attitude to imports in Washington, noting EEC regulation changes or monitoring the Japanese views on drugs imports. Or they might be working on a financial front, promoting Reuters, ICI and British Telecom in the U.S. to potential shareholders (as Burson-Marsteller did last year).

What then are the problems facing the international consultancies? "The real problem is getting the right kind of people," says Mr Velmans. "We are not like the legal profession with a long tradition of training people. We need to develop a generation of talent who can do this kind of work."

Arthur Sandles on the use of PR in handling staff relations

Smile, the customer is watching

WHO DO YOU think does the public relations work that counts most for McOonald's, Swan National and British Airways? Even if you got the names of the publicists *glitterati* who officially handle those accounts, the real answer is the front-of-house staff of those organisations.

Mr Issy Sharp is the immaculately dressed curly-haired founder and chairman of Four Seasons Hotels, which owns such eminent properties as the Pierre in New York and the Inn on the Park in London. "I tell you what really makes customers remember us. It is the people who smile and make you welcome. You spend a lot of time on training and on making the areas that the local public see the best possible. That way they tell their friends who are coming to town."

How do you make people smile? You make them happy and glad to be working for you. How do you do that? By making them part of the team and by talking to them. By internal public, or staff, relations.

Here, of course, we are in a very grey area . . . in some companies so grey as to be a void. Public relations, in its vulgarly accepted sense of propaganda, and personnel, collide. If this does happen—and not every British company has both PR and personnel management, if either—then one of four things tend to happen. The task of internal staff relations is abandoned; the whole job is handed to PR; personnel keep it to themselves; or, rarely, the two get together.

On the sheer employee relations level the gaps are quite often huge. "In many companies," says the Industrial Society, "the left hand does not seem to know what the right hand is doing. Misunderstanding can be costly, time consuming and occasionally embarrassing.

Issy Sharp, founder and chairman of Four Seasons Hotels, which includes the Pierre in New York and the Inn on the Park, London: customers remember the people who smile and make you welcome.

Often in management, we assume that people know a lot more than they do. One of the things we assume is that people know who people are."

It is indeed one of the pleasures of journalistic life at times to be shown round factories by directors who (a) get lost ("Oh. They've moved that door since I was last here") and (b) get challenged because no one has seen them on the shop floor for years.

In those companies that do have an employee information policy and both PR and personnel functions the personnel role, clearly, is the dominant one. However, the marketing and public relations activity can play a substantial role.

The Ladbroke Group is a fast-growing international organisation with a wide spread of activities, from gambling to property, and a considerable geographic range, from Israel and Belgium to Britain and the U.S. "Keeping people informed about what is going on, particularly newcomers to the group, is a major task," says marketing and publicity chief Mr John Harounnoff.

Mr Harounnoff is not only involved in conventional internal PR—"trying to make sure that every employee knows what we are doing before it appears in the papers"—but also in doing a special employee version of the group's annual report.

"We have a travelling roadshow which we take round any new company joining us (as Comfort Hotels has done recently). It is constantly updated and presented by a senior manager, often the chairman (Mr Cyril Stein)."

Ladbroke is wedded to staff motivation and the encouragement of what it likes to term "entrepreneurial skills" among its staff. As befits a group which owns the electronics retail chain, Laskys, it is also an enthusiastic user of audio visual techniques to keep staff up to date.

At their simplest, the video-cassettes which are seen so often winging their way around companies are an updated form of corporate newspaper — and often treated with the same level of regard. Video cassettes have been used by many companies with diffused activities to be used, in the words of one observer, "as an excuse for the management not to get out and meet people."

Barclays Bank has a large film and video facility well able to produce material up to the standard that can be seen on the staff's home television sets but still sees video as part of the system, not the be all and end all.

Talbot, long one of Britain's major forces in staff communication techniques, likes to stress that audio visual products cannot replace the need for a thorough briefing of middle management so that it, in turn, can brief a wider range of staff.

Talbot, however, like Ciba-Geigy and others who have something of a name in the field of staff information systems are well aware that for success such systems have to be skilfully planned, and also have to include key elements of a real, not token, two-way flow and of local input—not just information about head office in London or San Diego.

Back to the Industrial Society and a document discussing the method known as team briefing. Many companies, it says, have tried "cascade systems, which merely passed information from top to bottom of the company. This was quite exciting for the first few months while there was quite a lot of new information, but once the novelty had worn off employees often switched off and boards of directors spent hours trying to make up messages of *encouragement and interest for* their employees."

It is at this point once more that we come to the collision of personnel departments and publicists. Both are becoming increasingly skilled in their practices, or perhaps more realistically one should say both have the capacity to become increasingly skilled in their practices. In some organisations the two do indeed pool their talents in order to stimulate, educate and amuse staff, as well as learn from them.

At its basic level it can be effective. There is a large notice on all the doors leading from the work areas of Ladbroke's hotels to the public sections. "Smile," says the poster. "You are going on stage." Behind that poster surely lies a director who is at heart a PR man.

David Churchill looks at the trends among the larger agencies and at the thriving smaller businesses

Leading personalities from the major consultancies: (left to right) Angela Heylin, chief executive of Charles Barker Lyons, part of the Charles Barker group which vies with Good Relations as the largest PR consultancy in the UK. Next come Tony Good, chairman, and Maureen Smith, managing director of Good Relations. At right is Ann Wright, newly-appointed managing director of Welbeck public relations, part of the Foote, Cone and Belding advertising agency.

The fast track can be bumpy

THE CHIEF public relations consultancies have generally had a good year in line with the overall growth in activity but for some, growth is bringing its own problems.

Good Relations, for example, is still the only consultancy with a full Stock Exchange quote but it was given rather a rough ride by the City earlier this year over the way the group was handling its financial public relations division.

The City, it seems, is still a little uncertain about just how to treat public relations consultancies as companies in their own right rather than simply as purveyors of corporate communications.

Good Relations' problems, however, have not deterred other consultancies from seeking the finance for growth through a quotation on the Unlisted Securities Market — although two who a year ago had plans for a USM debut have now embarked on a different course. Biss, Lancaster was one of those consultancies rumoured to be seeking a USM listing but which earlier this year was instead taken over by the Wight Collins Rutherford Scott advertising agency.

Paul Winner, another consultancy which had been tipped for the USM, was also acquired, this time by another PR consultancy in the shape of Good Relations.

In fact, the two key trends among the main consultancies appear either to be growth through acquisitions of a medium to smaller consultancy or growth via utilising the larger resources of an advertising agency after being taken over.

A number of leading PR consultancies, of course, are already owned by advertising agencies — Carl Byoir and Welbeck, for example, being owned by the Foote, Cone and Belding advertising agency. Other major consultancies, such as Burson-Marsteller and Hill and Knowlton, are part of U.S. communications groups.

Acquisition

Mr Peter Gummer, chairman of the Shandwick PR consultancy, believes that the trend could also go the other way with PR consultancies expanding into selling advertising services. Shandwick, he says, has plans to set up a small advertising business to meet the needs of clients in buying media space.

Growth through acquisition is a more likely route. Kingsway, for example, earlier this month acquired the smaller Public Relations Counsel consultancy, adding a dozen new staff (up to 65 in total) and about £300,000 in fee income (bringing its total billings to £1.8m).

Angela Heylin, chief executive of Charles Barker Lyons (which vies with Good Relations as the biggest UK consultancy), believes that the "big will get even bigger" but that pressure will fall most heavily on the medium-sized consultancies without the resources to capitalise on the booming PR business.

"I think the consultancy business will polarise between the big consultancies on one hand and smaller consultancies which offer a specialist service," she says.

Mr Tony Good, chairman of Good Relations, echoes the view that the large consultancies should gain in strength. "Major companies look for public relations activity across a broad spectrum, which is something that a large consultancy can provide," he says. Smaller consultancies, he adds, may lose out by not being able to offer this depth of service.

While the large consultancies undoubtedly offer a complete package of services, there are drawbacks to being large. "The limits to growth for big consultancies will be in how they can develop management systems and structures to cope with their increased size," points out Mr Gummer of the Shandwick group.

Shandwick, like other large consultancies, has responded to the problems of growing large by breaking down the company into smaller operating activities spread over several locations. Clients thus have a better chance of dealing with a senior consultant than in consultancies with a more hierarchial management structure.

Kingsway, for example, has launched over the past year catering, health and medical, financial, and technology divisions. Charles Barker has done the same with its operations being divided into "cells," according to Angela Heylin.

Good Relations has done the same — and it was partly as a result that it received frowns from the City over the past six months. The consultancy's financial division ran into problems as the result of the illness of a senior director and a reluctance on the part of City-based staff to agree to a relocation slightly outside the City's Square Mile.

City reaction

A new top-level executive appointment did not work out as planned, which compounded the problems, and disgruntled financial PRs not surprisingly vented their woes around the City and eventually several left to join another consultancy.

The City reacted by sharply marking the group's share price down until it realised that the problems were rather less serious than they had thought. "If half a dozen of our consumer PR executives had left, the City would not have batted an eyelid," suggested one Good Relations executive.

The problems in the financial division did not prevent the company announcing a 53 per cent increase in pre-tax profits for 1984 — £1.35m against £877,000. Trading revenue of £5.1m in 1984 was almost a 46 per cent increase on the 1983 total.

Apart from breaking down the company into separate divisions, Good Relations also acquired the Paul Winner consultancy last year to operate as a separate company within the group. "This is a similar sort of relationship to that operated by advertising agencies which acquire other agencies," explains Mr Good.

Another large consultancy, Daniel J. Edelman, has chosen a different growth route. Two years ago it formed Edelman and Associates by linking up with 10 regional consultancies to offer a nationwide network. The aim, says David Davis, Edeman's chairman, was "to meet a growing need to co-ordinate and intensify PR activities nationally and regionally." He adds that "we employ staff with extensive working knowledge of their local community and its own press, radio, and television media."

While there has been much movement between major consultancies at a more junior executive level, there have been few changes between consultancies at the top. Mr Terence Franklin, former managing director of Hill and Knowlton, was one exception to this, moving to Carl Byoir to be responsible for implementing an aggressive acquisition programme as well as expanding the company's present range of services.

Welbeck, a sister company to Carl Byoir, also had changes at the top. Mr John Martin, a director since 1972, became chief executive while Ann Wright, who has been with the Foote Cone and Belding group for 27 years, became managing director.

Like any fast-growing business, the major consultancies may experience some more sharp upheavals in the coming 12 months.

Strong demand for the specialist

REGGIE WATTS and Kate Friis have never met but both have something in common—they have each left large public relations consultancies over the past year in favour of setting up their own businesses. It is a trend that is becoming increasingly common as the growth in PR activity provides more opportunities for PR executives to start up on their own.

The examples of Watts and Friis show just how significant this trend has become. Watts, for example, spent 15 years as chairman of Burson-Marsteller in the UK before he decided at the beginning of this year to go it alone.

"The public relations business is going through the greatest growth it has ever seen, both for large and small firms," he says. "Many interesting things are happening and I believe I can make a contribution to that growth with my new company."

Research

Mr Watts believes that there is scope for a small consultancy with "a disciplined approach to PR, strong on research and with measurement of results." He felt he could develop these ideas better on his own than through a large international consultancy, although he plans to build up his new venture into a major consultancy within a few years.

Kate Friis, at 27, has had less experience than Mr Watts but her decision to go it alone clearly shows the opportunities that are available in a rapidly growing business sector. She has had experience both at in-house PR (with Harrods) and consultancy work (with Welbeck) before setting up her own company.

"I felt I wanted the opportunity to develop my own business and handle accounts in a particular way," she says. "I think a small company can bring a degree of specialisation and personal contact that can sometimes be missing from larger consultancies."

Adele Hargreaves, another newcomer to the small consultancy business with 'Attitudes' PR, agrees. "Small, and specially new, PR consultancies offer greater flexibility because the people actually developing the ideas and carrying them out are one and the same," she says.

Adele Hargreaves, who came to PR from the advertising world, believes that for new businesses, establishing credibility is difficult. "In a service business, it is the people who develop reputations and track records, not companies, and clients tend to overlook this in their search." She runs Attitudes with Beverley Jones, who spent a number of years with the Charles Barker group.

By far the bulk of PR consultancies operating in the UK are small businesses like these as PR offers the opportunity to set up business with very little initial capital needed. Many of these small one-man banks of a decade ago are now the medium-sized consultancies which are challenging to become major forces in public relations.

There are, for example, many consultancies with fee incomes ranging from £500,000 to £1.5m and more, such as Communications Strategy, Leslie Bishop, Paragon, Quentin Bell, which are not quite in the established first division of consultancies.

Outside London come small-to medium-sized consultancies such as Countrywide Communications, Roger Haywood Associates, and Nicholas Mendes & Associates.

There are also a number of consultancies which have developed in specialist areas (apart from financial) such as travel, typified by the Travel Press Service group.

Some of these medium to small consultancies are, surprisingly, more open about their financial affairs than the larger companies. Communications Strategy, for example, has just published its financial report and accounts which chairman Bruce Clark believes makes it the first unquoted PR consultancy to do so. The 1984 results show turnover up to £1.3m for the PR consultancy with a further £750,000 generated from subsidiary activities. Pre-tax profits from the PR business alone was £102,000 in 1984, compared with £33,000 in 1983.

"It is not only our intention to double our UK turnover within the next two years but, also, to be in the top 10 consultancies world-wide within the next five," Mr Clark asserts, perhaps somewhat ambitiously.

Paragon, which was formed in 1981, reports that in 1984 its total turnover reached £2.048m, of which just under half represented fee income. The turnover increase was 43 per cent more than the 1983 level and pre-tax profits increased by nearly a third to £98,000. Dividends totalling £13,760 (22.4p per share) were paid to shareholders last year—all of whom are members of Paragon's staff.

Established

Countrywide Communications the Oxfordshire-based consultancy, says that "our PR business has an income of almost £1m and sales of around £1.6m, so we are now firmly established among the leading UK consultancies." Countrywide has recently set up a London office to provide a base for PR activity in the capital.

Helen Triggs, a director of the Leslie Bishop Company, says that one of the advantages of a medium-sized consultancy such as Leslie Bishop is that "we tend to keep our clients longer." This is due, she says, to the practice of working across the board with clients, rather than just doing PR for particular products, and by "getting very involved in the marketing effort."

Being small and provincial in the PR world might seem a major handicap—although Mr Peter Love of the Shrewsbury-based Impact Information consultancy argues that "a provincial base means the agency can operate competitively—it does not have the high city overheads."

He adds, echoing the views of small consultancies everywhere: "In pitching for accounts, we do not feel in any way overawed or inferior to city agencies. We consider we are every bit as professional, efficient, and imaginative."

On this and the next page **Antony Thorncroft** looks at some of the most active sectors

Days of plenty for the lobbyists

ANY DAY now a parliamentary committee under the chairmanship of Geoffrey Johnson Smith will be publishing its long awaited thoughts on a delicate *subject*—the role, if any, of the professional lobbyist in the affairs of government.

Consultants offering expertise in public affairs, government relations, political lobbying—call them what you will—have grown sharply in recent years. Most large PR companies now offer clients this service and, in addition, there are many small specialist operations, such as Ian *Greer, Gifford Jaeger Weeks,* and Political Communication.

Such firms provide a range of expertise, from a run-of-the-mill monitoring of Hansard to concerted campaigns to influence government policy.

The Government, as its predecessor, is constantly proposing legislation which could adversely affect the trading conditions of some companies. Because of some well-publicised case histories, business has become aware of the role of lobbyists in changing the mind of government, or even the attitudes of the civil servants who advise ministers.

Recent history gives examples of what lobbyists can achieve. There was a chance that the Government was planning to *introduce VAT on books and* newspapers in the Budget. The publishing industry got together and employed Sallingbury to co-ordinate opinion from various sources against such a proposal.

In the event the Budget included no such proposals. Whether the lobby against this extension of VAT, orchestrated by Sallingbury, caused the second thoughts we shall never know, but yet another case history of successful lobbying has been created.

Another recent victory claimed by a lobbyist, in this case Political Communication, concerns the Government's change of heart about allowing Singapore Airlines to fly into Manchester. The visit of Mrs Thatcher to Singapore might have been the decisive factor but it is the lobbyist who got the argument going and brought the issue to public attention.

Of course many such *campaigns fail—such as the attempt* to remove VAT from take-away meals, introduced after the 1984 Budget. Indeed much more attention is now paid to influencing opinion in Westminster and Whitehall before legislative changes are proposed.

Buying a service

In the same way companies can buy a service which alerts them to all the proposals made by policy committees: some wild idea might slip through the various committees and end up in a manifesto which could be government policy in a few years time. By receiving early notice companies can plan against such an eventuality—or seek to change it now.

The Commons is very suspi*cious about the operations of* political lobbyists, about MPs speaking in the House not on behalf of a constituent but for a commercial interest which might be paying him a fee—MPs do not have to make public an interest, although they are encouraged to do so.

The Johnson Smith committee is hardly likely to produce *workable* proposals which would do away with lobbying activities. Nor is it likely to make the whole process more open and official, as in Washington. It might do something about the research assistants, often American students, who now work for MPs.

They could provide a link with the lobbyist, who maintains that his basic function is to keep MPs informed. Indeed *most MPs probably welcome the* lunches arranged to bring him up to date with developments in a particular industry and do not mind too much the letters and reports (masterminded by PR companies) that arrive with every post.

The parliamentary PR has two roles which are quite acceptable in a (fairly) open society—they keep clients alert to the workings of government at, national, local, and European level, and to any changes that might affect their business for good and ill; and they attempt to influence Parliament, local councils, and the EEC, in favour of their clients.

Probably the most effective such PR, often connected with ensuring that a lucrative *defence contract goes to one* company rather than a rival, is often handled by one man whose role is kept secret. In the mainstream, the companies who specialise in parliamentary PR probably have more failures than successes but their successes can be vital for clients. It is up to Parliament to decide its attitude to such activities and whether it wants to, or can, control this.

Sir Geoffrey Johnson Smith: studying professional lobbyists

Financial services take the limelight

ONE WORD can sum up the PR industry in the past few years—money. Suddenly PR companies have acquired a new *financial status — they can be* bought for millions of pounds; they can market themselves successfully on the Stock Exchange—and they can advise clients on how to handle their financial affairs.

Financial PR may not be the fastest-growing sector of the business but it is the one that has attracted most notice. The *most successful PR story of the* decade must be the selling of British-Telecom to the public. Dorlands might have prepared the consumer advertising but Dewe Rogerson devised the marketing strategy.

This is appropriate because Dewe Rogerson more than any other financial PR company has created this sector. It started a financial marketing service in 1969, revolutionising a situation in which a few long established companies basically provided a press release service for clients, usually linked to the annual report.

Since then, it has handled over 150 new issues; been at the forefront of financial advertising, which is now the major part of turnover; and attracted a horde of competitors.

The old companies, Streets, Charles Barker, and more recently St James, have responded well to the challenge, while consumer PR companies have added financial wings (Kingsway is the latest), and major consumer advertising agencies, like Grandfield Rork Collins, and now BMP, have moved into the City to offer their expertise in an area of PR which has remorselessly developed an advertising back up.

As the Stock Exchange becomes more competitive, financial PR is starting to experience a second boom, reminiscent of the earlier growth periods linked to unit trusts and the spate of new issues.

For British Telecom, Dewe Rogerson attempted to create a feeling of scarcity around the shares. Through the Share In*vestment Office* that it established it handled 1.4m inquiries. It is now responsible for two more major flotations—TSB, for which it will concentrate on the Trustee Savings Bank's retail outlets, and Abbey Life, for which it will also devise the advertising.

If the rush of substantial new issues has generously oiled the profits of the financial PR companies, much of their work is still on a very selective level. The City takes some knowing, and the best service many PRs provide their clients is discreet lunches with key financial journalists, or with the stockbroker analysts who specialise in the clients' industry.

Vital

The financial reputation is often the most vital reputation a company has, and the financial PR companies have been successful in convincing clients that only they, through the insider knowledge of their executives, can ensure that the City puts a fair (or even a generous) valuation on the company's shares.

The boom is fuelled by four forces—new issues, including privatisation; more activity in corporate bids and deals; an expansion of financial products for the investor, on the back of a bull market or the Stock Exchange; and the arrival on the scene of new groups of companies, like the lawyers and other professions, who have never needed, or been permitted, PR and advertising in the past.

A fall in the Stock Market might dent the present level of activity in some of these areas but in the last bear market companies held on to their financial PR when they abandoned other support services.

Streets Financial, which has progressed tremendously in the past decade to rival Charles Barker for dominance in this sector, finds that financial PR is one area where the chief executive of a client will listen to advice—and take it. On key matters like takeover bids and new issues, the financial PR executives not only prepare the advertising but they advise on strategy and, most important, timing.

The advice of the PRs is more likely than not these days based on research. Research into the City has involved much homework with most analysts, journalists, fund managers, etc, being courted by financial PR companies for their opinions. On the basis of this data the clients are advised.

To date financial PR companies have been able to handle competitive accounts, although this might change in the future. At the moment there is more than enough work *for all*, with, as usual, the shortage of good staff the main restraint on growth.

As the consumer advertising agencies move in we can expect more imaginative advertising and PR approaches — Grandfield Rork Collins is already selling unit trusts through a seven minute video advertised *on Southern TV—and a split in* the business between those PRs whose task is basically to look after the share price and those whose job is to market a new financial product. Both will probably work for the same company.

A change of government could quickly stop the boom, but in the short term there is the prospect of British Gas to be marketed to the public. This should be the biggest financial PR account ever and all eyes will be on the merchant bank appointed to launch it.

Merchant banks have their favourites among the PR companies and they can expect some energetic lobbying from a group that has experienced some marvellous years and *which wants them to continue.*

Sunrise industries look to the young high-tech men

NO SECTOR of the PR business has changed more in the past decade than that which was once known as trade and technical but which is now called industrial, or even technological. Ten years ago the average PR company in this area was a small concern supplying for a fee of £1,000 a year or so a basic PR service to the trade press for scores of medium-sized engineering companies. The PR executives were often ex-journalists with an industrial background.

Today such men, and they were invariably men, would find it hard to keep pace with the new generation of PR companies spawned in the wake of the high-tech revolution. Its executives are usually graduates, often with computing *experience, who work very* closely with their clients in the fast-moving sunrise industries which are transforming the UK's commercial base. The micro chip has turned what was the dullest and the deadest area of PR into perhaps the most exciting and the most competitive.

A recent survey of 24 PR companies in this field, con*ducted by the industrial* members of the Public Relations Consultants Association (PRCA) reveals that they have experienced a 178 per cent increase in turnover in the past five years. Some of those questioned, such as Good Relations, Charles Barker, Carl Byoir and Kingsway, are large PR companies which have expanded their industrial subsidiaries (or *bought existing specialist firms*) to take advantage of the boom, and they confirm that this is the fastest growing sector of the PR business, with 54 per cent of fee billing deriving from the high-tech industries.

Adapt quickly

The established companies have had to adapt quickly to the change because they are being challenged by new outfits, such as Test 100, which specialises in high-tech PR. With a staff of 15, of whom 12 are graduates, and an average age of 23, companies like Test 100 employ people with a computer and electronics background and are used by clients, who are often not much older, to provide a comprehensive marketing service, which can mean promoting dozens of new products or services a month.

High-tech changes by the minute as one company makes a breakthrough and the PR has to be able to understand and adapt to the discoveries. For *many small new companies* advertising is too costly and the story they have to put across is much better marketed through articles in the trade press.

So a new breed of PR is feeding a new breed of media with information about a new technological revolution. It is increasingly the *job of the PR to help a client, who usually has* limited selling knowledge, to sell products to the broader market place—high-tech brands are now appealing to non-computer literate customers.

The high-tech PR companies not only have to be adaptable in their lead times: they also have to be able to cope with clients of very different size. As *Mr Ian Metherall of MPR points* out, although there are hundreds of small software and service companies, the driving force for change usually comes from the major hardware companies, invariably American, who have considerable marketing and PR experience and who make demands on their British PR companies which only now can be met.

Slow off the mark

Traditional British industrial companes are still the slowest off the mark in this area, with predictable consequences.

Perhaps not surprisingly high-tech is being used in the dissemination of PR stories. Horsley Associates offers Featureline. It will install a terminal in over 50 technological publications which enables journalists to key into feature and news stories, which are regularly up-dated. Horsley clients inevitably receive generous coverage on this alternative to the press release.

In this area the relationship between the PR and the jour*nalist is probably at its closest.* They are talking the same language, but one which the wider public cannot decipher. If a PR feeds false stories, or blows up inferior products, the fact will soon be known.

Media services is around two thirds of the work of the high-tech PR, and journalistic contacts are vital, especially as it is the media, more than advertising, which ensures the success or failure of new products. For often this is business-talking-to-business PR, with little scope for hyperbole.

As well as the media the high-tech and industrial PR firm is being asked for advice on public affairs, on preparing corporate brochures, and increasingly on exhibitions. The PR business often also find themselves handling the advertising.

The great battle in this area is between the large PR companies, with their extensive back up services and their ability to offer a comprehensive *coverage and the bright young* men and women who can act as the marketing wing for the new entrepreneurs. So far both are growing.

A young trio of directors of Text 100 (left to right) Tom Lewis, Jonathan Pearce and Mark Adams. Text 100 is one of the few PR companies providing PR services exclusively for the high-tech industries.

David Churchill delves into the mystery of choosing a consultancy

Behind the gloss

HOW COMPANIES come to choose a PR consultancy is a process often shrouded in as much secrecy and mystique as the naming of a new Pope.

It would be difficult, sometimes, not to get the impression that consultancies are chosen by whim or at random, even if the client company can find some logical rationalisation afterwards why a particular consultancy was chosen. But the wrong initial-choice is one reason for the merry-go-round of switching which affects a sizeable proportion of PR business each year.

One consultancy, Jones Rose Associates, commissioned an in-depth survey of 100 marketing executives (carried out by HR & H Marketing Research) to find out just why a particular consultancy was chosen. Most of those surveyed indicated that they chose a consultancy on the basis of its track record.

A minority stressed that individuals within a consultancy were an important factor, as was the level of rapport and personal involvement in an account.

When prompted, the marketing executives overwhelmingly saw "approach to our business" and "understanding of our needs" as the two key factors in determining which consultancy won the account. Similarly, factors reflecting the general characteristics and reputation of any consultancy rather than just its method of handling the account were considered very important by a large majority of the respondents.

Some 99 per cent rated "reputation of consultancy" as crucial; 94 per cent "experience of our industry," 95 per cent "offer of a wide range of services," 92 per cent "recommendation" and a similar percentage were impressed by the consultancy's client list.

Geographical location was considered fairly important while simply being well-known or having a lot of staff were considered less crucial.

According to the survey, the initial decision on which consultancy to employ usually rests with the marketing manager or director. However, subsequent and final decisions regarding the selection of a new consultancy are taken higher up the management hierarchy, mainly at director level with the board and managing director playing an increasingly important role at this stage.

Personal recommendation was the main method of finding a new consultancy for two-thirds of the marketing managers surveyed. Trade directories are another main source, followed by a review of the press to establish what work agencies are actually doing.

Another survey, this time carried out by AGB Communications, found that personal recommendation was cited as being the most important factor in choosing a consultancy—given as a reason by a quarter of the 155 companies surveyed. One third of the companies questioned had also had a very long and established relationship with their consultancy.

Once given the chance to pitch for an account, as AGB makes clear, it is the presentation that counts. "Agencies chosen on the strength of their presentation account for 25 per cent of those used by respondents to the survey," it says. "Specialist knowledge accounted for another 20 per cent, but 26 per cent of respondents could not or would not say what influenced the choice of public relations consultancy."

The record

The Jones Rose survey of marketing men, however, was more forthcoming. Asked to detail the information they would require from a consultancy before considering them, some 55 per cent responded that they wanted an indication of present/past results and reputation, while another 40 per cent said they wanted an indication of present/past clients. Interestingly, few repondents to this question mentioned price or costings as being information that they would require initially.

The best way for a consultancy to communicate information about itself to prospective clients is more difficult to analyse. While 43 per cent of the survey thought that an initial mail shot might be a good method, some 40 per cent mentioned a more personal method of direct contact either in the form of representatives or presentations/seminars.

Significantly, only 4 per cent of respondents favoured the telephone as a good way of communicating information — the "cold call" to drum up business was clearly not liked by busy marketing executives.

One method that is proving increasingly popular as a means of getting a message across is by using video cassettes to show some examples of work carried out by the consultancy. These videos are generally of a very professional standard, often employing a well-known personality to guide the client through the case studies revealed.

The Public Relations Register, an off-shoot of the well-established Advertising Agency Register, was formed, according to managing director Lindy Payne, to help companies find consultancies "without going through the long, tedious, and often embarrassing and difficult process of approaching each one individually."

For a fee of £100, companies get a confidential dossier on each consultancy and can view up to ten video presentations. Over 60 PR consultancies are at present on the register.

Another useful source of information is the Public Relations Consultants Association which publishes a short booklet on selecting and employing a PR consultancy, although it cannot recommend individual consultancies.

The basic advice to companies seeking to employ a consultancy is simply to use their common sense. "Don't be impressed by over-glossy presentations," points out Mr Jim Dun, managing director of TPS Public Relations.

Companies should be very clear what their objectives are before engaging a consultancy, although specific goals can be identified in consultation with a consultancy once chosen.

Other useful advice includes being prepared to allocate a sufficient budget for the work, identifying just who will be handling your account (it may not be the same person or team as at the presentation), and talk to other clients about how they find working with a particular consultancy.

"An intelligent client always insists on the consultancy identifying the way in which the effectiveness of the campaign will be measured," points out Mr Roger Haywood of Roger Haywood Associates. "Whatever parameters are agreed, the client should check against these and expect the consultancy to report on progress on a regular basis."

He adds: "A secure, proven relationship should be created—and the only acceptable relationship is one where both partners benefit in terms of reward and satisfaction."

What the clients say

BRITAIN'S biggest and most successful retailer, Marks and Spencer, last month surprised many observers by appointing its first ever financial public relations consultancy to help sharpen its image with the City.

The consultancy which won this blue-chip account was Valin Pollen, beating off several other financial PR consultancies who were very keen to represent M and S.

M and S's venture into the world of public relations consultancies, however, is only the latest of a number of major companies—especially retailers— using outside PR for the first time. What do they hope to get from this?

For M & S, the problem was one of trying to get across to City institutions and shareholders just what the changes at M & S were all about.

M & S has a 58-strong in-house public relations department, responsible for corporate product, and store publicity. Since the company does little advertising, it relies heavily on this department to promote its activities.

The company chose Valin Pollen after drawing up a short list of City PR consultancies and Valin Pollen's drive into the relatively new area (in the UK) of investor relations may have helped it become M & S's choice.

Another retailer that has turned to outside PR is the Fine Fare supermarket chain. Fine Fare, unlike M and S, is using a consultancy—Biss, Lancaster—to develop the company's corporate profile and has retained only a small in-house PR department.

Mr John Allan, Fine Fare's managing director, says that "When we felt we needed PR specialists it made more sense to hire an outside consultancy rather than adding to our direct overheads."

Allan chose Biss Lancaster after viewing videos (through the Public Relations Register) as well as talking to other companies about which PR consultancy they used.

Rival supermarket chains Tesco and Asda each have slightly different approaches. Tesco has a 12-strong in-house department with the PR director having a seat on the company's trading board for the supermarket stores. It uses a specialist financial and fashion consultancy when necessary.

Asda has been reviewing its public relations activity over the past year and has strengthened both its internal PR department and recently appointed Charles Barker Lyons to handle fashion PR. "We have a slight geographical problem in that we are Leeds-based," explains Mr David Gransby, the board director in charge of public relations, "but we felt that for fashion PR someone like Charles Barker would be in regular contact with the sort of media we are trying to reach."

Boots has also strengthened its connection with consultancies by recruiting Biss Lancaster to do PR for its retail division.

"But we firmly believe that the company should talk for itself where necessary and not through third parties," explains Terry Steele, Boots' head of public relations.

IBM, which has a large internal PR department, also believes that the company is best placed to speak for itself rather than through a consultancy because of the complexity of IBM's operations and product range both in the UK and worldwide. However, specialist PR consultancies are used when appropriate.

In the UK, a regional PR consultancy in York is helping to promote a touring technology exhibition.

Not all companies, however, are happy at what consultancies have to offer. John McLachlan, the managing director for marketing of Financial Times Business Information, recently took the PR industry to task in the trade paper PR Week. He set out in detail the problems he and his colleagues experienced in trying to brief a consultancy to promote the 200 specialist publications and products.

"We must have PR," Mr McLachlan and his colleagues said. "PR should be an integral part of the marketing mix. PR can make a quantifiable contribution to our marketing achievements.

"A considerable time later, many consultancies later, many hundreds of man-hours later, we find universal PR world agreement on Proposition one [we must have PR]" he says.

"And total agreement on Proposition two [An integral part of the marketing mix]," adds Mr McLachlan.

"But on Proposition three [quantifiable contribution] I feel I have been banging my head on the brick wall of consultancy incomprehension."

Mr McLachlan, however, says he is still trying to find the right consultancy.

Big demand for marketing

ANGELA HEYLIN, who heads Charles Barker Lyons, the biggest PR group with a £4.5m annual fee income, is receiving, on average, two calls a day out of the blue from prospective clients. In the past year she has had to adapt to the novelty of declining to pitch for quite sizeable accounts in the field of marketing.

For although half the growth has come from clients going to a PR consultancy for the first time in a big way—usually reducing the size of its in-house PR department at the same time—the other half is from existing clients making more demands on their PR advisers. Three years ago most PR accounts averaged between £12,000 and £30,000 a year. Now the range is £40,000-£200,000, and the big agencies have clients spending over £200,000 a year.

Companies are investing more in marketing public relations partly because of the spiralling cost of advertising, in particular TV advertising, and partly because PR exercises have proved good value for money and are being repeated. Undoubtedly the sustained boom in PR over the past ten years has increased the confidence and the quality of the PR consultants. They can now afford to recruit better, younger, executives and their advice is being taken more seriously by clients.

In addition, as marketing is seen to be the key to company profitability. PR's have made contact with the top personnel in client companies — chief executives as well as marketing directors—and PR advice has been sought at the corporate level. Links are being forged between client and PR consultancy at many more points. Some companies, led by extrovert chief executives, are embracing the policy of high profile leadership.

Yet for all the growth in new marketing areas—in sponsorship, competitions, exhibitions, industrial relations—the heart of consumer PR, perhaps 75 per cent of total expenditure, is still in media relations. Favourable media coverage is seen as a cheaper and more credible alternative to advertising.

A welcome development for the PR consultancies is the willingness of clients to plan for the longer term: instead of an annual programme, two or three year strategies are being prepared. This has the extra advantage of bringing consultancy and client closer. According to Carole Deighton of the Deighton Consultancy as marketing departments inside companies become more involved with "number crunching," hitting sales targets and digesting research data, so the PR consultancy is expected to come up with the creative marketing ideas.

The problem of conflicting accounts should also reduce the movement of clients. In PR marketing there is less opportunity for expansion through first-time buyers. Mr Douglas Smith, president of the PR Consultants Association, said that over 70 per cent of the top 500 British companies now employ a consultancy as against 21 per cent in 1979. Existing clients asking for more will be the engine of future expansion.

There are still some newcomers to PR, occasionally of great size. The PR register, which offers companies access, through videos, to almost 70 PR consultancies, thus cutting the hassle of looking for a PR, has recently had a visit from Boots, one of numerous retailing groups that is cutting its internal PR department in favour of the broader view and fresher thinking of a consultancy. Dolland and Aitchison is another recent first-time buyer, thanks to the arrival of marketing among the professions.

There is no end in view to the PR boom. As it improves the finances of consultancies so they can afford to invest in new services, in areas like audio visual presentations and hardware packages for clients. They can also buy smaller PR consultancies, adding fee income and, most vital of all, talent. For the main problem at the moment is finding proficient executives to meet the demands of clients. Universities are being combed for bright young graduates and the marketing departments of the big companies are replacing Fleet Street as the main source of recruits.

Consumer PR will always remain pre-eminent in the industry, especially as it grows to embrace the company image. As channels of information expand, apart from TV advertising which looks cloudy at the moment, so the need for expert advice in promoting brands, and the company image, to the consumer will become more pressing. There are enough professionals in PR now to expose the second rate, long the bane of the business. Money will still be wasted on PR dreams which do not deliver but as the success stories grow, and the lessons of what actually works are digested, so standards will rise.

Antony Thorncroft

A copy of this document, which comprises listing particulars with regard to Nordic Investment Trust plc (the "Company") in accordance with The Stock Exchange (Listing) Regulations 1984, has been delivered to the Registrar of Companies as required by those regulations. Application has been made to the Council of The Stock Exchange for the ordinary shares of 10p each in the Company issued and to be issued to be admitted to the Official List.

The Directors of the Company, whose names appear below, are the persons responsible for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

NORDIC INVESTMENT TRUST plc

(Registered in England under the Companies Acts 1948 to 1983. Registered Number 1897184)

Offer for Sale

by

P-B Securities, Down, de Boer & Duckett Limited

of

14,000,000 Ordinary Shares of 10p each at 50p per share

payable in full on application.

Made in conjunction with Svenska International Limited

Investment Manager	Investment Adviser
G. T. Management Limited	Svenska International Limited

The application list for the ordinary shares now offered for sale will open at 10.00 a.m. on 3 June 1985 and may be closed at any time thereafter. The procedure for application and the Application Form are set out at the end of this document.

INTRODUCTION

Nordic Investment Trust plc has been established to specialise in investing in companies in Sweden, Norway, Denmark and Finland. The Company's principal objective is to achieve long-term capital appreciation mainly through investment in the share capital of small and medium-sized companies which are perceived as having good growth prospects. There is no United Kingdom investment trust approved as such for the purposes of section 359 of the Taxes Act specialising in investment in companies in only these countries.

NORDIC ECONOMIES AND STOCK MARKETS

Sweden Sweden has a substantial industrial base for a country of only 8 million people which developed through the exploitation of local raw materials and a period of innovation at the turn of the century. Major international groups such as Alfa-Laval, SKF and AGA were all based on Swedish inventions. A well-educated labour force coupled with a relatively favourable corporate taxation system has assisted this industrial growth. Swedish companies, due to a small domestic market, have had to develop international markets for their products. Household names such as Electrolux and Volvo reflect this success and about 45 per cent. of Swedish manufactured goods are exported.

Devaluations of the Swedish Krona in 1981 and 1982 to restore Sweden's competitive position internationally, combined with government determination to control inflation, have been a major boost to corporate profitability and helped to reduce the government deficit. Sweden had a Gross Domestic Product growth rate of 0.8 per cent. in 1982 and 2.5 per cent. in 1983; the estimated growth rate in Gross Domestic Product for 1984 is 3.25 per cent

The total market capitalisation of the 245 companies listed on the Stockholm Stock Exchange at 31 March 1985 was approximately SEK 251 billion (£22.3 billion) and turnover was approximately SEK 78 billion (£6.9 billion). The overall rising trend in the Swedish stockmarket has been influenced by the provision of tax incentives to encourage domestic investment by Swedish individuals and the increased interest of foreigners to invest in Swedish shares resulting from the greater number of "free" shares, described below, available from Swedish companies. The market has been well underpinned by improving corporate profitability, especially from exporters helped by the devaluation of the Swedish Krona.

Since March 1985, the Swedish stockmarket has fallen due to the uncertainty of a public sector labour dispute which has now been resolved. In addition, there has been concern over the growth in consumer spending and increasing capital outflows, and the government has recently announced measures in response to these problems.

Sterling has appreciated against the Swedish Krona by approximately 14.03 per cent. during the five years ended 31 March 1985 and depreciated by 0.76 per cent. during the year ended 31 March 1985.

Norway Over the past ten years Norway has enjoyed one of the best economic growth rates of the member countries of the Organisation for Economic Co-operation and Development ("the OECD"). Gross National Product per capita is one of the highest in the O.E.C.D. and the country's oil and gas reserves are substantially greater than those of the United Kingdom. The country is running a substantial current account surplus due to benefits from the development of Norways extensive oil and gas resources. The country's rugged topography affords substantial hydro-electric power which has allowed the country to develop a strong aluminium and ferro alloy business while its long coastline has provided the country with an outstanding opportunity to become one of the world leaders in salmon farming and alginate production. The high degree of independence, self-reliance and entrepreneurial spirit that characterises many of Norway's isolated communities and a tax system which treats favourably wealth created from business ventures have all contributed to new company formations. Due to the fiscal revenues generated from Norway's oil production, the government budget was in credit during 1984 by 4.4 per cent. of Gross National Product. Norway had a Gross Domestic Product growth rate of 1 per cent. in 1982 and 3.2 per cent. in 1983; the estimated growth rate in Gross Domestic Product for 1984 is 3.25 per cent.

The Oslo Stock Exchange has played a major role in these developments and companies have been successfully able to tap the capital which has been available for investment following the reversal of fiscal discrimination against investors. The number of quoted companies has risen by nearly 40 per cent. since 1980 while an active over-the-counter market has also emerged. The total market capitalisation of the 159 companies listed on the Oslo Stock Exchange at 31 March 1985 was equivalent to approximately NOK 56.26 billion (£5.0 billion) and total market turnover in 1984 was approximately NOK 20 billion (£1.8 billion).

Sterling has depreciated approximately 1.82 per cent. against the Norwegian Krone during the five years ended 31 March 1985 and appreciated by 1.75 per cent. during the year to 31 March 1985.

Denmark Denmark, a country of some 5 million people, is a member of the European Economic Community and participates in the European Monetary System (unlike its Nordic partners). Denmark has always been a trading nation as well as having a significant agricultural base.

Denmark's economic position deteriorated rapidly in the 1970s as government expenditure grew unchecked and both budget and current account deficits widened. By 1982 the situation had become critical and the Social Democratic coalition was replaced by a minority Conservative government which undertook policies to reduce progressively the imbalance in general government finances. These policies have led to a reduction in the general government's financial balance from a deficit representing 9.3 per cent. of nominal Gross Domestic Product in 1982 to one of 7.2 per cent. in 1983, while the O.E.C.D. forecast a continuing decline to a deficit of 3.4 per cent. in 1985. In addition to making harsh cuts in government expenditure which were accompanied by a sharp fall in interest rates, the new Conservative government encouraged low wage settlements thereby improving the country's competitiveness and allowing inflation to fall substantially. Denmark had a Gross Domestic Product growth rate of 3 per cent. in 1982, and 2 per cent. in 1983; the estimated growth rate in Gross Domestic Product for 1984 is 3.75 per cent..

Against this background, since 1983 the Copenhagen Stock Exchange has performed well and the outlook is encouraging for many medium-sized companies which, by virtue of their specialisation, are of particular interest. The total market capitalisation of the 246 companies listed on the Copenhagen Stock Exchange at 31 March 1985 was approximately DKK 94.3 billion (£6.8 billion) and total market turnover in 1984 was approximately DKK 8 billion (£0.6 billion).

Sterling has appreciated by approximately 4.05 per cent. against the Danish Krone during the five years ended 31 March, 1985 and depreciated by 0.87 per cent. during the year to 31 March 1985.

Finland In the post-war period, the Soviet requirement for Finland to supply basic industrial goods stimulated the country into a programme of industrial development and provided the impetus for a major structural shift away from timber-related industries. Unlike Finland's Nordic neighbours, government expenditure has been conservative. The budget deficit as a percentage of Gross National Product is 2 per cent. Finland had a Gross Domestic Product growth rate of 2.8 per cent. in 1982 and 2.9 per cent. in 1983; the estimate growth rate in Gross Domestic Product for 1984 is 3 per cent.

Although the Helsinki Stock Exchange is relatively underdeveloped, this in itself presents investment opportunities. The total market capitalisation of the 55 companies listed on the Helsinki Stock Exchange on 31 March 1985 was approximately FIM 26 billion (£3.2 billion) and total market turnover in 1984 was approximately FIM 2.5 billion (£0.3 billion).

Sterling has depreciated approximately 6.60 per cent. against the Finnish Markka during the five years ended 31 March 1985 and by 1.12 per cent. during the year to 31 March 1985.

Performance of stockmarkets

The following table shows the percentage changes in the general indices of each of the four Nordic stockmarkets for each of the last five years ended 31 March, and for the five years ended 31 March 1985. The general indices in each case do not distinguish between "free" shares and shares restricted to domestic holders (as described below). The equivalent percentages are also shown for the indices of the London and New York stock exchanges (FT-All Share Index and Standard & Poor's Composite Index, respectively).

Percentage changes	For each of the years ended 31 March					For five years ended 31 March	
	In local currencies					In local currencies	In Sterling
Stockmarket	1981	1982	1983	1984	1985	1985	1985
	%	%	%	%	%	%	%
Sweden	+36.4	+30.0	+92.2	+33.8	−18.6	+271.4	+233.3
Norway	+ 9.7	+ 2.0	+22.9	+72.5	+ 7.3	+154.3	+157.1
Denmark*	+41.6	+17.8	+37.2	+35.6	− 2.1	+203.9	+195.6
Finland	− 3.0	+35.4	+30.1	+69.5	−19.9	+131.8	+140.5
London	+28.9	+ 5.4	+26.1	+27.3	+17.6	+156.4	+156.4
New York	+33.2	−17.7	+36.6	+ 4.1	+13.5	+ 77.0	+110.0

*On 1 January 1983 the number of companies which constitute the Copenhagen Stock Exchange Index was increased and therefore the years prior to this are not strictly comparable.

SHARE CAPITAL

Authorised		Issued and to be issued fully paid
£1,400,000	ordinary shares of 10p each	14,000,000

The offer for sale has been underwritten by P-B Securities, Down, de Boer & Duckett Limited. The Directors are aware of intended applications from sub-underwriters for 10,500,000 ordinary shares, representing 75 per cent. of the ordinary shares offered for sale. Such applications, if received, will be accepted in full.

DIRECTORS, SECRETARY AND ADVISERS

Directors
John Antony Dick, Chairman
Jan Ekman *(Swedish)*
Philip John Scott Gray
Christen Knudsen *(Norwegian)*
Gustav Mattson *(Finnish)*
Norman Malcolm Marshall Riddell
Axel Steuch *(Swedish)*

Secretary and Registered Office
Paul Ronald Freeman, A.C.A.
8th Floor, 8 Devonshire Square,
London EC2M 4YJ

Investment Manager
G.T. Management Limited,
8th Floor, 8 Devonshire Square,
London EC2M 4YJ

Investment Adviser
Svenska International Limited,
17 Devonshire Square,
London EC2M 4SQ

Stockbrokers to the Company
P-B Securities, Down, de Boer &
Duckett Limited,
9 Devonshire Square,
London EC2M 4HP

Auditors and Reporting Accountants
Robson Rhodes,
Chartered Accountants,
186 City Road,
London EC1V 2NU

Solicitors to the Company
Freshfields,
Grindall House,
25 Newgate Street,
London EC1A 7LH

Bankers
Williams & Glyn's Bank plc,
67 Lombard Street,
London EC3P 3DL

Receiving Bankers
Williams & Glyn's Bank plc,
67 Lombard Street,
London EC3P 3DL

Registrars and Transfer Office
The Royal Bank of Scotland plc,
P.O. Box 27,
34 Fettes Row,
Edinburgh EH3 6UT

DEFINITIONS

In this document save as the context otherwise requires:–

"the Company"	means Nordic Investment Trust plc
"Directors"	means the directors of the Company
"ordinary shares"	means ordinary shares of 10p each in the Company
"P-B"	means P-B Securities, Down, de Boer & Duckett Limited
"GT"	means G.T. Management Limited
"Svenska"	means Svenska International Limited
"Taxes Act"	means Income and Corporation Taxes Act 1970 (as amended)
SEK	means Swedish Kronor
NOK	means Norwegian Kroner
DKK	means Danish Kroner
FIM	means Finnish Markkaa

In this document, conversions of amounts expressed in any of the above overseas currencies into pounds Sterling have been made at the following rates, being the middle spot rates as shown in the Financial Times for 23 May 1985: SEK 11.2525 = £1, NOK 11. 1975 = £1, DKK 13.97 = £1, FIM 8.128 = £1.

Investment in Nordic Companies

Sweden, Norway and Finland limit the ability of foreigners to hold shares. Denmark does not have similar restrictions. In Sweden, permission must be obtained for foreigners to hold shares in a company, and such shares are designated "free" shares. Permission must be obtained for a foreigner to hold 10 per cent. or more of a company's equity capital or voting power. A concession must be obtained for a foreigner to hold 10 per cent. or more, or for foreigners to hold in aggregate 20 per cent. or more, of the share capital of most Norwegian companies. Those Finnish companies the Company is likely to invest in have restricted the aggregate amount of shares in foreign hands, which are designated "free" shares, to 20 per cent. These requirements will apply to the Company as the holder of shares in these companies, but no steps need to be taken by individual shareholders in the Company.

INVESTMENT MANAGEMENT

The Directors will be responsible for the determination of the Company's investment policy and the regular monitoring of the performance of the Company's portfolio. In addition, it is anticipated that the individual and collective experience of the Directors will enable the investment manager to be made aware of particular investment opportunities that might not otherwise come to the attention of foreign investors wishing to invest in Nordic countries.

The Company has appointed GT as Investment Manager to manage the Company's portfolio on a day-to-day basis and implement the investment policy including the provision of day-to-day investment advice. GT currently manages a total of £2.8 billion invested worldwide of which £300 million is invested in Continental Europe on behalf of a total of 12 unit trusts, offshore funds and investment trusts. GT has 6 years experience managing funds investing in Nordic countries where it currently manages £40 million, and has substantial expertise in small and medium-sized companies suitable for the Company's portfolio. A summary of the terms of the agreement under which GT will act as investment manager is set out in paragraph 6(b) of the section headed "General Information".

The Company and GT have appointed Svenska as Investment Adviser in connection with the Company's investment portfolio on the terms of the Investment Advisory Agreement, the terms of which are summarised in paragraph 6(c) of the section headed "General Information". Svenska will be available to advise on specific matters rather than providing day-to-day investment advice to the Company. Svenska is the London-based investment banking arm of Svenska Handelsbanken, which is one of the largest commercial banks in Sweden. Svenska Handelsbanken was founded in Stockholm in 1871 and is a member of the Stockholm Stock Exchange. It conducts a nationwide banking business in Sweden and has a number of representative offices world-wide.

INVESTMENT POLICY

The principal investment objective of the Company is long-term capital appreciation. Although the Directors are not prevented from investing in other markets, they intend that the Company should invest in companies in Sweden, Norway, Denmark and Finland. The Company's policy will be to invest substantially in small and medium-sized companies of those countries, although investments in larger companies (including multinationals) may be made if the prospects for capital appreciation appear significantly to favour such companies compared with smaller companies or companies at an earlier stage of development. The Company is free to invest in companies whose securities are not traded or are only traded to a limited extend and the Directors intend to make such investments where suitable opportunities arise.

Although it is the policy of the Directors that investments should be selected for long-term capital appreciation, the Directors intend to form a subsidiary company which will carry on business as a securities-dealing company for the purpose of taking advantage of any appropriate short-term investment opportunities that may arise.

The Articles of Association of the Company do not limit the discretion of the Directors as regards investment policy; however, the Directors intend to ensure that:

(i) not more than 10 per cent. of the assets (before deducting borrowed money) of the Company or, if the Company has any subsidiaries of the Company and its subsidiaries will be lent to, or invested in the securities of, any one company (other than those of a company which has been approved as an investment trust by the Inland Revenue or which would qualify for such approval but for the fact that its share capital is not listed on an appropriate stock exchange) including loans to or shares in any subsidiary of the Company;

(ii) legal or management control of underlying investments will not be taken; and

(iii) realisation of any investment carried at Directors' valuation amounting to 50 per cent. or more of the Company's portfolio will be conditional on shareholders' approval.

In managing the investments of the Company, GT will only hedge the currency exposure of the Company in exceptional circumstances. Uninvested liquid funds may be held in pounds Sterling, United States dollars or in one or more Nordic currencies pending investment.

The income of the Company will be derived mainly from securities although interest will be earned on uninvested liquid funds.

The Directors intend that the investment policy, as set out above, will be adhered to for a period of at least three years following admission to the Official List of the ordinary shares issued and to be issued.

DIVIDEND POLICY AND ACCOUNTS

In the light of the investment policy of long-term capital appreciation and the current level of dividend yields prevailing in the type of securities in which the Company proposes to invest, it is anticipated that the Company will only pay a minimal dividend. This dividend is expected to be paid in September of each year, and for the year to 31 May 1986 is estimated to be less than 1 per cent. of the issue price of the ordinary shares.

The Directors intend to retain not more than 15 per cent. of the Company's income derived from shares and securities so as to enable the Company to qualify for approval as an investment trust for United Kingdom tax purposes. Dividends will only be paid out of income received, shares of profits of associated companies being unavailable for this purpose unless and until distributed to the Company.

The distribution as dividends of surpluses arising from the realisation of investments is prohibited by the Company's Articles of Association.

Annual accounts for the Company will be made up to 31 May in each year and the Company's first accounts will be made up for the period from its incorporation to 31 May 1986.

DURATION OF THE COMPANY

Under the Articles of Association of the Company the Directors are required to convene an extraordinary general meeting of the Company in May 1995 at which a resolution will be proposed to wind up the Company; the Articles of Association provide that shareholders shall be bound to vote in favour of that resolution. In addition, the Articles of Association require the Directors to convene annually, commencing in 1988, an extraordinary general meeting for the purpose of considering a resolution to wind up the Company unless at the annual general meeting of the Company held in such year a resolution is passed releasing the Directors from such obligation.

DIRECTORS OF THE COMPANY

The following are the Directors of the Company, all of whom are non-executive:

John Antony Dick, 51, a graduate of Oxford University and a Chartered Accountant, has been actively involved in the management of investment trusts invested internationally since becoming a Director of GT in 1970.

Jan Ekman, 55, a graduate from the University of Lund with a Bachelor of Law Degree, is Vice-Chairman of Svenska Handelsbanken, having been its President until March 1985. Svenska Handelsbanken is one of the largest commercial banks in Sweden and a member of the Stockholm Stock Exchange.

Philip John Scott Gray, 36, a graduate from Lancaster University Business School with a Masters Degree in Marketing, is a Director of GT and has been actively involved in investment in European stockmarkets for 13 years.

Christen Knudsen, 30, a graduate from the School of Business Administration in Bergen with a Masters Degree in business administration and finance, is a Vice-President with Investa A.S., an independent investment company associated with Vesta, the second largest insurance company in Norway.

Gustav Mattson, 47, a graduate from the Swedish School of Economics with a Masters Degree in Economics, who is managing director of Oy Selfina Financial Services Ltd., was General Manager International and a Board Member of the Bank of Helsinki until 1984, was a director of Arbuthnot Latham until 1984 and has had many years experience in international merchant banking.

Norman Malcolm Marshall Riddell, 37, was formerly Head of Investment Research at the Royal Bank of Scotland plc, and is now Managing Director of Britannia Asset Management Limited, Chief Investment Director and Managing Director of Britannia Investment Services Limited, and a Director of Aberdeen American Petroleum Company PLC and Rocky Mountain Oil & Gas PLC.

Axel Steuch, 44, a graduate from the University of Lund with a Masters Degree in both business administration and political science, was formerly Deputy Manager of Finance at United Breweries before becoming Managing Director of PRIVATinvest, a mutual investment company started by Privat Bank, the third largest bank in Denmark.

EXCHANGE CONTROL AND TAXATION

The following information is a summary of the current exchange control and taxation position in the United Kingdom, Sweden, Norway, Denmark and Finland with respect to the Company.

Exchange Control There is no United Kingdom restriction on the remittance of funds between the United Kingdom and any of the Nordic countries. Sweden imposes exchange control restrictions on the movement of funds, but only reporting requirements on current export/import payments and the payment of dividends. While Norway, Denmark and Finland have exchange control restrictions and reporting requirements, at present only the reporting requirements will apply to the type of transactions the Company intends to enter.

Taxation The Directors intend to conduct the affairs of the Company in such a way as to satisfy the conditions for approval as an investment trust under section 359 of the Taxes Act. If such approval is granted, the Company will not be liable to United Kingdom taxation on capital gains while the approval remains in force. Holders of ordinary shares may be liable to taxation on capital gains arising on disposal of their ordinary shares, depending on their individual circumstances.

The Company will be liable to United Kingdom corporation tax on its income, net of management expenses and charges. The Company's dividend and interest income arising in the countries in which it proposes to invest will be subject to local withholding taxes, currently at the rate of up to 15 per cent. which (under current United Kingdom law and relevant double taxation treaties) can be offset against the Company's liability to United Kingdom corporation tax upon that income.

The Directors consider that the Company will not be a close company immediately following the Offer for Sale now being made.

ACCOUNTANTS' REPORT

The following is the text of a report received by the Directors from Robson Rhodes, Chartered Accountants, the Auditors of the Company:

The Directors,
Nordic Investment Trust plc

Gentlemen, 28 May 1985

We report that Nordic Investment Trust plc was incorporated on 19 March 1985 and since that date no accounts have been made up, no dividends have been declared or paid and the Company has not commenced business.

Yours faithfully,
Robson Rhodes *Chartered Accountants*

GENERAL INFORMATION

1. History and share capital

(a) The Company was incorporated in England as a public limited company under the Companies Acts 1948 to 1983 on 19 March 1985 (registered *number 1897184) with an authorised share capital of £50,000 divided into* 50,000 ordinary shares of £1 each of which two have been issued to the subscribers to the Memorandum of Association and are included in this Offer for Sale.

(b) The Company was incorporated with the name Introview Public Limited Company. The name of the Company was changed to Nordic Investment Trust plc on 16 May 1985.

(c) On 14 May 1985 resolutions of the Company were passed whereby:—
(i) each ordinary share of £1 in the Company, whether issued or unissued, was sub-divided into 10 ordinary shares of 10p each and then the authorised share capital of the Company was increased to £1,400,000 by the creation of a further 13,500,000 ordinary shares of 10p each;
(ii) the Directors were, pursuant to section 14 of the Companies Act 1980, given authority and empowered, in accordance with section 18 of that Act as if section 17(1) thereof did not apply, to allot and to make offers or agreements to allot relevant securities up to the amount of the increased authorised share capital (both such authorities expiring at the conclusion of the first annual general meeting of the Company); and
(iii) the Company amended clause 4 of its Memorandum of Association and adopted new Articles of Association. (The Articles of Association were subsequently amended on 23 May 1985).

(d) On 14 May 1985 the subscribers to the Memorandum of Association transferred one nil paid ordinary share to P-B and one to a third person as nominee for P-B and to P-B jointly (each of which was subsequently sub-divided into 10 ordinary shares of 10p each) and P-B agreed to subscribe for a further 499,980 ordinary shares of 10p each at 50p per share. Such ordinary shares were allotted to P-B against an irrevocable undertaking by P-B to pay 42½p per share as well as 10p per subscriber's share not later than 30 June 1985.

(e) On 16 May 1985 the Company obtained a certificate under section 4 of the Companies Act 1980 authorising it to commence business.

(f) On 24 May 1985 the Company conditionally allotted 13,500,000 ordinary shares nil paid to P-B.

(g) Save as disclosed in paragraph 4 below:—
(i) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company; and
(ii) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

(h) Following the completion of this offer for sale no ordinary shares will remain unissued.

(i) Save as disclosed above no issues of share capital have been made by the Company.

2. Borrowings

At the date hereof, the Company has outstanding no loan capital (either issued or created but unissued), term loans, borrowings or indebtedness in the nature of borrowing (including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments), mortgages, charges, guarantees or other contingent liabilities.

3. Memorandum and Articles of Association

The Memorandum of Association of the Company provides that the Company's principal objects are to carry on the business of an investment trust company, and to invest the capital and other moneys of the Company in the purchase or upon the security of shares, stocks, debentures, debenture stocks, bonds, traded options, bills, certificates, notes, mortgages, obligations and securities of any kind issued or guaranteed by any company, corporation or undertaking of whatever nature and wheresoever constituted or carrying on business, and shares, stocks, debentures, debenture stocks, bonds, bills, certificates, notes, currency, mortgages, obligations and securities of any kind issued or guaranteed by any government, state, dominion, colony, sovereign ruler, commissioners, trust, public, municipal, local or other authority or body of whatsoever nature, whether at home or abroad and units of and other rights in unit trusts, mutual funds, collective investment undertakings and other bodies and entities and to purchase, sell or deal in any financial future contracts of any kind. The objects of the Company are set out in full in clause 4 of the Memorandum of Association which is available for inspection at either of the addresses specified in paragraph 9 below headed "Documents available for inspection".

The Articles of Association of the Company contain, *inter alia*, provisions to the following effect:—

(a) Voting
Subject to disenfranchisement of a member in the event of non-payment of any calls or other moneys due and payable in respect of any shares or non-compliance with a statutory notice requiring disclosure as to beneficial ownership and subject to any special terms as to voting on which any shares may be held, on a show of hands every member present in person shall have one vote, and on a poll every member present in person or by proxy shall have one vote for every share held by him.

(b) Borrowing powers
The Directors may exercise all the powers of the Company to raise or borrow money and to mortgage or charge its undertaking, property and assets both present and future (including uncalled capital), and, subject to section 14 of the Companies Act 1980, to issue debentures, debenture stock and other securities whether outright or as a collateral security for any debt, liability or obligation of the Company or of any third party. The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (as regards subsidiaries only so far as by such exercise they can secure) that the aggregate amount for the time being remaining outstanding of all moneys borrowed by the Company and its subsidiaries (other than from any of such companies) shall not, without the previous sanction of an ordinary resolution of the Company, exceed the aggregate of the amount paid up on the issued share capital for the time being of the Company and the amount standing to the credit of the revenue and capital reserves of the Company and its subsidiaries (all as set out in the Articles of Association).

(c) Capital reserve fund
Every profit resulting from any dealing with, valuation or revaluation of any capital asset of the Company or of any liability of the Company incurred in the acquisition or financing of a capital asset and all other profits which are of a capital nature shall be credited to a capital reserve fund to be maintained by the Company. Every loss resulting from any such dealing, valuation or revaluation as aforesaid or any other loss which is of a capital nature may be charged against such capital reserve fund or against any other funds of the Company. The sum standing to the credit of the capital reserve fund shall not in any circumstances be available for distribution but subject as aforesaid may be employed and dealt with in such manner as the Directors think fit.

(d) Variation of rights
All or any of the rights or privileges attaching to any class of share may be varied or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of such shares.

(e) Directors
(i) The minimum number of Directors is two and the maximum ten.
(ii) No share qualification shall be required.
(iii) Subject to the provisions of the Companies Acts 1948 to 1983, the Directors may from time to time appoint one or more of their number to the office of Chairman, Managing Director or any other office on such terms as they think fit and, subject to the terms of any contract between him and the Company, may at any time revoke any such appointment. A Director appointed as Chairman or as Managing Director shall not, while holding such office, be subject to retirement by rotation or be taken into account in determining the rotation or retirement of Directors. At each annual general meeting one-third of the Directors who are subject to retirement by rotation (or as the number nearest to but not exceeding one-third) shall retire by rotation.
(iv) Subject to the provisions of the Companies Acts 1948 to 1983, a Director may hold any other office or place of profit under the Company (other than that of auditor) in conjunction with his office of Director for such a period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director is disqualified by his office from contracting with the Company or is liable to account to the Company for any profit realised by any such contract by reason of such Director holding that office.
(v) The remuneration of the Directors shall be paid at the rate of £1,000 per annum for each Director (£1,500 in the case of the Chairman) or such greater amount as shall be determined by ordinary resolution of a general meeting of the Company. Such remuneration shall be deemed to accrue from day to day. The Directors may also be paid all reasonable expenses properly incurred by them in attending meetings of the Directors, any committee of the Directors, general meetings or separate meetings of the holders of any class of shares or otherwise in or about the business of the Company.
(vi) Any Director who upon request performs any extra or special services or goes or resides abroad for any purpose of the Company shall be entitled to receive such sum for expenses and such remuneration as the Directors may think fit, either in addition to or in substitution for any other remuneration he may be entitled to receive.
(vii) Save in relation to certain specific exceptions provided in the Articles of Association (namely concerning the giving of security in respect of money lent by a Director or obligations undertaken by him for the benefit of the Company or in respect of a debt or obligation of the Company for which he assumed responsibility under a guarantee or indemnity or by the giving of security, any contract in which he is interested by virtue of his interest in shares, debentures or other securities of the Company, any contract by a Director to underwrite shares, any contract with any other company where the Director's interest does not exceed 1 per cent. of any class of equity share capital or of the voting rights available to members, proposals concerning a pension scheme approved by the Inland Revenue or any matter connected with an employee share scheme approved by the Inland Revenue other than the grant of any option or allocation of any shares or any other matter concerning his individual participation), a Director shall not vote on any resolution or be counted in the quorum present at a meeting to consider any resolution in regard to any contract, arrangement or proposal in which he has a material interest. Subject to the provisions of the Companies Acts 1948 to 1983, the Company may by ordinary resolution suspend or relax such provision to any extent or ratify anything not duly authorised by reason of such provision.
(viii) No person shall be disqualified from being appointed a Director and no Director shall be required to vacate his office by reason only of the fact that he has attained the age of 70 years or any other age, nor shall it be necessary to give special notice or comply with any other special formality in connection with the appointment of a Director over a specified age save that in the case of the appointment of a Director who has attained the age of 70 his age shall be stated in the notice convening the general meeting (or in any accompanying document) at which he is proposed to be elected or re-elected.
(ix) The Directors on behalf of the Company may pay a pension, annuity, allowance, gratuity or other benefit to any Director or employee who has held any salaried office or place of profit with the Company or any subsidiary of or any company associated with the Company, or business acquired by, any of them or to his relatives or dependants and may make contributions to any fund and pay premiums for the purchase or payment of any such pension, annuity, allowance or gratuity and may make payments for or towards the insurance of any such person.

(f) Issue of securities
Subject to the provisions of the Companies Acts 1948 to 1983, the Directors may allot, issue, grant options over or otherwise dispose of the unissued shares of the Company to such persons, at such times and upon such terms and conditions as they may determine, unless the Company in general meeting shall otherwise resolve.

(g) Transfer of shares
The ordinary shares are in registered form and may be transferred by instrument of transfer in any usual or common form, or in such other form as the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. The Directors may in their absolute discretion and without giving any reason refuse to register a transfer of any share which is not fully paid, or of any share to more than four transferees.

(h) Dividends and distribution of assets on liquidation
The holders of the ordinary shares are entitled *pari passu* amongst themselves in proportion to the amount paid on ordinary shares held by them to share in the whole of the profits of the Company paid out as dividends (which shall exclude all profits arising from any dealing with valuation or revaluation of investments or other capital assets) and the whole of any surplus in the event of the liquidation of the Company.

(i) Unclaimed dividends
Any dividend unclaimed for a period of 12 years after having been declared may be forfeited by, and shall thereupon revert to, the Company.

(j) Duration of the Company
The Directors are required to convene an extraordinary general meeting of the Company in May 1995 at which a resolution will be proposed to wind up the Company; the holders of ordinary shares are bound to vote in favour of such a resolution. In addition the Directors are required to convene annually (commencing in 1988) an extraordinary general meeting for the purpose of considering such a resolution unless at the annual general meeting of that year a resolution is passed releasing the Directors from such obligation.

4. Agreement with P-B, expenses of issue and net proceeds

By an agreement dated 28 May 1985 and made between the Company, its Directors, GT and P-B, a member firm of The Stock Exchange whose registered office is at 9 Devonshire Square, London EC2M 4HP, P-B has agreed, subject to the Council of The Stock Exchange admitting the whole of the issued share capital of the Company to the Official List (subject to posting Letters of Acceptance), to subscribe for 13,500,000 ordinary shares in the Company at a subscription price of 50p per share and, at the same time as making payment therefor, to make payment in full for the 499,980 ordinary shares referred to in paragraph 1(d) above and to offer all the same, together with the twenty ordinary shares acquired from subscribers, to the public. The agreement contains certain warranties and indemnities given by the Company and GT and is subject to certain terms and conditions and may be terminated by P-B in certain exceptional circumstances. Under this agreement the Company will pay to P-B a commission of 2 per cent. (plus Value Added Tax) of the total offer for sale price of the ordinary shares hereby offered for sale and P-B will pay sub-underwriting commission of 1¼ per cent. (plus Value Added Tax) of the total offer for sale price of the ordinary shares. The Company has also agreed to pay a fee to P-B of £20,000 (plus Value Added Tax) and all other costs and expenses of and incidental to the issue (including any applicable Value Added Tax) including the expenses of printing, advertising, circulating this Offer for Sale, capital duty, registrars' charges, listing fees, the receiving bankers' charges and the fees of the reporting accountants and of the solicitors to the Company and to the Offer for Sale. These expenses are estimated to amount to approximately £345,000 (excluding Value Added Tax). After meeting these expenses, the net proceeds of the issue, which will be available to the Company for investment, are estimated to amount to £6.6 million.

5. Directors' and other interests

(a) The Directors, whose names are set out opposite, all of whom are non-executive, may be contacted, in the case of Mr. Dick and Mr. Gray, at 8th Floor, 8 Devonshire Square, London EC2M 4YJ and, in the case of the other Directors, as follows:—

J. Ekman
Svenska Handelsbanken, Kungstradgardsgatan 2, Stockholm, Sweden

C. Knudsen
P.O.B. 3541, 5033 *Fyllingsdalen*, Bergen, Norway

G. Mattson
Parkgatan 9-B16, SF-00140, Helsinki, Finland

N. M. M. Riddell
Britannia Investment Services Limited, Salisbury House, 29 Finsbury Circus, *London EC2M 5QL*

A. Steuch,
PRIVATinvest Mutual Fund, 2 Torvegade, DK-1400 Copenhagen K, Denmark

(b) The Directors, including their immediate families, intend to acquire beneficially the number of ordinary shares set out below:—

Name of Director	Number of ordinary shares
J.A. Dick	2,500
P. J. S. Gray	2,500
C. Knudsen	2,500
N. M. M. Riddell	2,500
A. Steuch	2,500

At the date of this document, neither the Directors nor their immediate families have any interests in the ordinary share capital of the Company.

J.A. Dick and P.J.S. Gray are beneficially interested in 100,000 and 5,566 ordinary shares, respectively, in GT.

(c) No Director has any service agreement with the Company.

(d) Save as disclosed in paragraph 6(b) below, there are no transactions *which have been entered into by the Company since incorporation in which* any of the Directors are interested and which are or were unusual in their *nature or conditions or significant in relation to the business intended to be* carried out by the Company.

(e) The promoters *of the Company are P-B. No amount or benefit has been* paid or given to any such promoter since the incorporation of the Company and, save as described in paragraph 4, none is intended to be paid or given.

(f) The Directors are aware of the following interests which, immediately following the Offer for Sale, will, or may, depending on the level of applications, amount to 5 per cent. or more of the ordinary shares of the Company:—

	Number of Ordinary Shares	Percentage of shares under the offer for sale
Sun Life Assurance Society plc	2,000,000	14.3
The Standard Life Assurance Company	1,400,000	10.0
National Water Council Superannuation Fund	1,400,000	10.0
Svenska International Limited	1,000,000	7.1

Save as disclosed above the Directors are not aware of any other person who, following the offer for sale, would be required to disclose an interest in the ordinary share capital of the Company under Part IV of the Companies Act 1981.

(g) The aggregate of the remuneration of the Directors, for the period ending 31 May 1986, will be £7,500 and the Directors will receive no other emoluments.

6. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company since its incorporation and are, or may be, material:—

(a) the agreement referred to in paragraph 4 above;

(b) the management agreement dated 28 May 1985 between the Company and GT mentioned under "Investment Management" above in respect of the provision of investment management, secretarial and accounting services to the Company for a quarterly fee of 0.25 per cent. of the value of funds under management (which are defined to mean the gross assets of the Company and its subsidiaries less all liabilities other than borrowings but excluding investments in other entities managed by GT or any of its subsidiaries), such fee being payable quarterly in arrears, and a fixed charge at the annual rate of £10,000 payable quarterly in arrears. The agreement contains provisions indemnifying GT against any liability not due to its negligence or breach of duty. The agreement is for a duration of five years terminable by 12 months' notice given by either party to expire on or at any time after 31 May 1990;

(c) the investment advisory agreement dated 28 May 1985 between the Company, *GT* and *Svenska mentioned* under *"Investment Management"* above in respect of the provision of investment advisory services to the Company and *GT* in connection with the *Company's investment portfolio*, any fee to be agreed from time to time and to be payable by the Company. The agreement is terminable by one month's written notice given either by the Company and GT to Svenska, or by Svenska to the Company and GT.

7. Taxation of dividends and distributions

(a) Under current United Kingdom tax legislation, the payment of a dividend by the Company will give rise to a liability to account to the Inland Revenue for an amount of Advance Corporation Tax (ACT) at a rate which is currently 3/7ths of the dividend paid. The amount of any tax credit attaching to dividends received by the Company from United Kingdom resident companies may be set against the liability to ACT. Consequently, the ACT liability with respect to a dividend currently equals 30 per cent. of the sum of the cash dividend plus the ACT. For shareholders resident in the United Kingdom, an amount equal to the ACT liability is available as a tax credit. Any such shareholder who is liable to income tax on the dividends may set the tax credit off against that liability, or, in appropriate cases, reclaim the credit in cash. A United Kingdom resident corporate shareholder will not be liable to United Kingdom corporation tax on any dividend received. Persons should consult their own tax advisers about their personal positions and the possibility of claiming tax credits equivalent to the ACT paid on the dividend.

Whether a shareholder who is resident in a country other than the United Kingdom is entitled to a payment from the Inland Revenue of a proportion of the tax credit in respect of dividends on such shares depends in general upon the provisions of any double tax convention or agreement which exists between that country and the United Kingdom.

Persons who are not so resident in the United Kingdom should also consult their own tax advisers on the possible applicability of such provisions, the procedure for claiming payment and as to the relief or credit which may be claimed in the jurisdiction in which they are resident.

(b) The Company's income after deducting management expenses and excluding dividends received from other United Kingdom companies will be subject to United Kingdom corporation tax. Income arising from outside the United Kingdom may suffer foreign tax which will generally be available to reduce United Kingdom tax payable on that income, either by way of a credit against United Kingdom corporation tax or by reducing taxable income.

(c) In the event of a winding up of the Company the Directors have been advised that, under present law, the receipt of distributions in the liquidation of the Company would normally give rise to a disposal or part disposal of shareholdings in the Company for the purposes of United Kingdom taxation of chargeable gains.

(d) Shareholders may be liable to United Kingdom taxation on chargeable gains arising from the sale or other disposal of ordinary shares.

8. General

(a) The Directors of the Company, whose names appear above, are the persons responsible for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

(b) The Company has not since its incorporation been engaged in and is not currently engaged in any legal or arbitration proceedings nor, so far as the Directors are aware, are there any legal or arbitration proceedings pending or threatened against the Company.

(c) There has been no significant change in the trading or financial position of the Company since its incorporation.

(d) Robson Rhodes have given and have not withdrawn their written consent to the issue of this document with the inclusion therein of their Accountants' report set out above in the form and the context in which it is included.

(e) It is the intention of the Directors so to conduct the affairs of the Company that it satisfies the requirements for qualification as an investment company laid down in section 41 of the Companies Act 1980; the Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to that section.

(f) The principal place of business of the Company is at 8th Floor, 8 Devonshire Square, London EC2M 4YJ. The Company does not have and has not had since its incorporation, any employees. The Company has no subsidiaries.

(g) Each dividend on the ordinary shares will be paid to those holders of ordinary shares on the register of members on the record date for such dividend. Such record date will normally be 4 to 6 weeks before the date of payment.

(h) The offer for sale is made by P-B.

(i) The Directors are of the opinion that, having regard to the net proceeds of the proposed offer for sale, the Company will have sufficient working capital for its present requirements.

9. Documents available for inspection

Copies of the following will be available for inspection at the offices of Freshfields, Grindall House, 25 Newgate Street, London EC1A 7LH and at the *registered office of the Company during normal business hours on any* weekday (Saturdays and public holidays excepted) for 14 days after *publication of this document:—*

(a) the Memorandum and Articles of Association of the Company;

(b) the report from the Auditors set out above;

(c) the material contracts referred to in paragraph 6 above;

(d) the consent referred to in paragraph 8(d) above.

TERMS AND CONDITIONS OF APPLICATION

(a) Acceptance of applications will be conditional upon permission being granted by the Council of The Stock Exchange for the ordinary share capital of Nordic Investment Trust plc (the "Company"), issued and to be issued, to be admitted to the Official List of The Stock Exchange not later than 7 June 1985, subject only to posting of Letters of Acceptance. Application moneys will be returned (without interest) if such permission is not granted by that date and, in the meantime, will be retained by Williams and Glyn's Bank plc in a separate account.

(b) P-B Securities, Down, de Boer & Duckett Limited ("P-B") reserves the right to reject in whole or in part or scale down any application and, in particular, *multiple or suspected multiple applications and to present for* payment any cheques or banker's drafts received. If any application is not accepted *in whole or in part or is scaled down the application moneys or*, as the case may be, the balance thereof, will be returned (without interest) by *returning* the relevant cheque or banker's draft or by crossed cheque in favour of the applicant(s) through the post at the risk of the person(s) entitled thereto.

(c) By completing and delivering an Application Form, you (as the applicant(s)):—

(i) *offer* to purchase the number of ordinary shares in the Company specified in your Application Form (or such smaller number for which the application is accepted) subject to the prospectus relating to the Company dated 28 May 1985 (the "Prospectus"), these terms and conditions and the Memorandum and Articles of Association of the Company;

(ii) authorise Williams & Glyn's Bank plc to send a Letter of Acceptance for the number of ordinary shares for which your application is accepted, and/or a crossed cheque for any moneys is returnable, by post, at the risk of the person(s) entitled thereto, to your address (or that of the first-named applicant) as set out in your Application Form and to procure that your name (together with the name(s) of any other joint applicant(s)) is/are placed *on* the Register of Members of the Company in respect of such ordinary shares the entitlement to which has not been duly renounced;

(iii) agree that, in consideration of P-B agreeing that it will consider and process applications for the ordinary shares the subject of the Offer for Sale in accordance with the Prospectus, your application shall not be revoked until after 7 June 1985 and that this paragraph shall constitute a collateral contract between you and P-B which will become binding upon despatch by post to or, as the case may be, receipt by Williams & Glyn's Bank plc of your Application Form;

(iv) *warrant that your remittance will be honoured on first presentation;*

(v) agree that any Letter of Acceptance and any moneys returnable to you may be retained by Williams & Glyn's Bank plc pending clearance of your remittance;

(vi) agree that all applications, acceptances of applications and contracts *resulting therefrom* under the Offer for Sale shall be governed by and construed in accordance with English Law;

(vii) warrant that, if you sign the Application Form on behalf of somebody else, you have due authority to do so; and

(viii) confirm that in making such application you are not relying on any *information or representation in relation to the Company other than those* contained in the Prospectus and you accordingly agree that no person *responsible solely or jointly for the Prospectus or any part thereof shall have* any liability for any such other information or representations.

(d) Acceptance of applications will be effected at the election of P-B either by notification of the basis of allocation to The Stock Exchange or by the determination of the number of ordinary shares for which application is accepted pursuant to the arrangements between P-B and Williams & Glyn's Bank plc.

(e) All documents and cheques sent by post will be at the risk of the person(s) entitled thereto.

(f) No person receiving a copy of the Prospectus, or an Application Form, in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Form could lawfully be used without contravention of any registration or other legal requirements. Any person outside the United Kingdom wishing to make an application hereunder must satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other requisite formalities, and paying any issue, transfer or other taxes due in such territory.

Copies of the Prospectus (which includes listing particulars with regard to the Company in accordance with The Stock Exchange (Listing) Regulations 1984) and the Application Form can be obtained between 28 May 1985 and 3 June 1985 from:—

P-B Securities, Down, de Boer & Duckett Limited,
9 Devonshire Square,
London EC2M 4HP

Nordic Investment Trust plc,
Eighth Floor,
8 Devonshire Square,
London EC2M 4YJ

Svenska International Limited,
17 Devonshire Square,
London EC2M 4SQ

Williams & Glyn's Bank plc,
67 Lombard Street,
London EC3P 3DL

The Royal Bank of Scotland plc,
P.O. Box 86,
34 Fettes Row,
Edinburgh EH3 6UU

PROCEDURE FOR APPLICATION

1. Insert in Box 1 (in figures) the number of ordinary shares for which you *are applying. Applications must be for a minimum of 500 ordinary shares or* in one of the following multiples:—
   - *for not more than 10,000 shares, in a multiple of 500 shares;*
   - for more than 10,000 shares, but not more than 25,000 shares, in a *multiple of 1,000 shares;*
   - for more than 25,000 shares, but not more than 50,000 shares, in a *multiple of 5,000 shares;*
   - for more than 50,000 shares, in a multiple of 10,000 shares.
2. *Insert in Box 2 (in figures)* the amount of your cheque or banker's draft.
   The amount of your cheque or banker's draft should be the price of 50p per ordinary share multiplied by the number of shares inserted in *Box 1.*
3. Sign and date the Application Form in Box 3.
   The Application Form may be signed by someone else on your behalf (and/or on behalf of any joint applicant(s)) if duly authorised to do so, but the power(s) of attorney must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity must be stated.
4. Put your full name and address in BLOCK CAPITALS in Box 4.
5. You may apply jointly with other persons.
   You must then arrange for the Application Form to be completed by or on behalf of each joint applicant (up to a maximum of three other persons). Their full names and addresses should be put in BLOCK CAPITALS in Box 5.
6. Box 6 must be signed by or on behalf of each joint applicant (other than the first applicant who should complete Box 4 and sign in Box 3).
   If anyone is signing on behalf of any joint applicant(s), the power(s) of attorney must be enclosed for inspection.
7. You must pin a separate cheque or banker's draft to each completed Application Form. Your cheque or banker's draft must be made payable to Williams & Glyn's Bank plc for the amount payable on application inserted in Box 2 and should be crossed "Not Negotiable".

No receipt will be issued for this payment.

Your cheque or banker's draft must be drawn in pounds Sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be presented for payment through the clearing facilities provided by the members of those Clearing Houses.

Applications may be accompanied by a cheque drawn by someone other than the applicant(s), but any moneys to be returned will be sent by crossed cheque in favour of the person named in Box 4.

You must send the completed Application Form by post, or deliver it by hand, to Williams & Glyn's Bank plc, 67 Lombard Street, London EC3P 3DL so as to be received not later than 10.00 a.m. on 3 June 1985.

If you post your Application Form, you are recommended to use first class post and allow at least two days for delivery.

BASIS OF ACCEPTANCE AND DEALING ARRANGEMENTS

The application list will open at 10.00 a.m. on 3 June 1985 and will close as soon thereafter as P-B may determine. The basis on which applications have been accepted will be announced as soon as possible after the application list closes. It is expected that Letters of Acceptance will be posted to successful applicants not later than 6 June 1985 and that dealings in the ordinary shares will commence on 7 June 1985.

Arrangements have been made for registration of all the ordinary shares now offered for sale, free of stamp duty and registration fees, in the names of purchasers or persons in whose favour Letters of Acceptance are duly renounced provided that, in cases of renunciation, Letters of Acceptance (duly completed in accordance with the instructions contained therein) are lodged for registration by 3.00 p.m. on 26 July 1985. Share certificates will be despatched on 30 August 1985.

Up to a total of 10,500,000 ordinary shares will in the first instance be made available to meet the applications of those sub-underwriters who have indicated they intend to make applications.

APPLICATION FORM

NORDIC INVESTMENT TRUST plc

Offer for Sale by P-B Securities, Down, de Boer & Duckett Limited of 14,000,000 ordinary shares of 10p each in Nordic Investment Trust plc at 50p per ordinary share payable in full on application

1 I/We offer to purchase from P-B Securities, *Down, de Boer & Duckett Limited* ______ **ordinary shares in Nordic Investment Trust plc** (or such lesser number of shares in respect of which this application may be accepted)

2 and I/we attach a cheque or banker's draft for the amount payable, namely £ ______

3 Dated ______ 1985 | Signature ______

PLEASE USE BLOCK CAPITALS

4
Mr., Mrs., Miss or title Forename(s) (in full) ______
Surname ______
Address (in full) ______
Postcode ______

FOR OFFICIAL USE ONLY
1. Acceptance Number
2. Shares allocated
3. Amount received £
4. Amount payable £
5. Amount returned £
6. Cheque Number

7 ►Pin here your cheque/banker's draft for the amount in Box 2

5 **Fill in this section only when there is more than one applicant. The first or sole applicant should *complete Box 4 and sign in Box 3. Insert below only the names and addresses of the second and* subsequent applicants, each of whose signatures is required in Box 6.**

PLEASE USE BLOCK CAPITALS

Mr., Mrs., Miss or title Forename(s)	*Mr., Mrs., Miss or title Forename(s)*	*Mr., Mrs., Miss or title Forename(s)*
Surname	Surname	Surname
Address	Address	Address
Postcode	Postcode	Postcode

6

Signature	Signature	Signature

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Applied Computer Techniques

When credibility is on the line

Jason Crisp on the major challenges facing the UK computer group

"THE COMPANY could not be less dependent on the U.S. . . . It is the icing on the cake and no more than that," argues Roger Foster, managing director of Applied Computer Techniques. Nonetheless, a sceptical City still marks the company's share price yet lower on the slightest indication that all is not well in the U.S.

ACT is Britain's highly successful and fast moving manufacturer of business personal computers. Annual sales are now over £90m, and have almost doubled every year since 1980. In spite of its record of innovation, growth, profitability and a well-regarded professional management, confidence in the company has been falling.

To some extent ACT has been unfairly tarred with the same brush as the UK's troubled home computer companies like Acorn, recently rescued by Olivetti and Sinclair Research, currently seeking fresh capital to solve a cash-flow crisis. Yet there is no escaping the fact that the company faces an enormous challenge in repeating the undoubted success it has had in Britain in international markets.

ACT, which makes the Apricot personal computer, needs constant growth to compete and fund its development costs. It faces competitors which are much larger and have a broader geographic spread. So it is going for growth by extending its product range at the top and bottom, by making a major effort in other countries and by aiming for new niches in the market.

However, the company is having problems on two fronts. Not only is it having a difficult time in overseas markets, particularly the U.S., but it is also losing market share in the fast-growing UK market. As a result this is likely to be ACT's toughest year to date.

Some observers believe it is well placed to meet that challenge. "ACT has shown remarkable inventiveness and speed on the technical side. The Apricot is a good, well-priced product which is manufactured economically," says IDC-Europa, a marketing consultant.

As Britain's second largest computer group after the very much bigger ICL, ACT has earned a reputation for aggressive marketing of innovative products and the sort of professional management which has been lacking in other fast-growing computer companies.

Overheads have been kept low and management has shown its ability to move very quickly. Lately, though, it has sometimes over-reached itself. It has miscalculated the time expected to establish its U.S. dealer network and its plans for a European chain of retailers in a venture with Tandy of the U.S. have been sharply cut back.

The American challenge is essentially one of credibility—a separate financing deal for the foray into the U.S. limits the UK parent company from any adverse financial repercussions there.

But as an unknown in the U.S., ACT is treading where even large American corporations have failed to make the grade in a market dominated by companies like IBM, Apple and Compaq, which together spent some $200m on advertising alone last year.

Disappointing

Sales of the Apricot have been disappointing in the three months it has been available in the U.S. As a result the UK launch of ACT's two new low-cost computers has been postponed in order to divert initial production to the U.S. for the products' introduction there in the summer.

ACT's marketing in the U.S. is being done by Apricot Inc, a company set up with $20m raised from institutions and ACT shareholders. ACT itself holds a 20 per cent stake and options to take a controlling interest. To date Apricot Inc has signed 100 dealers with 150 outlets, significantly fewer than the 250 it had hoped for. The shortfall is mainly a result of training problems.

ACT badly needs a strong-selling product if it is to attract dealers. Without one, dealers will be reluctant to give the company shelf space.

On the other hand ACT maintains that it is not relying entirely on volume sales since it claims to be having some success in the more specialised "systems business" where a computer is sold with the software to perform a specific task. (This can still be attractive to dealers because it offers better margins.) "The volume business is our wild card," says Foster, "and while the systems market will be a slow trudge, it is our banker." The company is launching its F Series of computers—similar to the Apricot but with a lower specification—in June in the U.S. at a price of around $1,000. By September, it will know whether volumes are going to materialise, acknowledges Foster.

Similar problems of recognition face ACT in mainland Europe which the company considers a more important market, even if the U.S. dominates everything ACT does at the moment. After numerous delays ACT has finally begun to attack the French and West German markets where it hopes to achieve £20m sales this year.

"There is no doubt ACT has had considerable difficulties in both West Germany and France. The main problem seems to be one of awareness and recognition. The company is very well known in the UK and in the computer industry but not by customers in West Germany or France," comments Wilson Hau, at IDC-Europa.

In addition to the ever-present IBM and Apple from the U.S., ACT also has to contend with strong domestic competitors in those countries including Nixdorf, Siemens, Triumph-Adler and Olympia in West Germany and Thomson and Logabax in France.

In the UK, meanwhile, IBM presents ACT with perhaps its greatest challenge — that of holding and consolidating its position in a market which last year accounted for 80 per cent of its sales.

ACT began to take off in 1981 by being one of the first companies to sell a 16-bit business personal computer in Britain before IBM entered this market. It had been founded in Birmingham in 1965 as a computer bureau and had

achieved moderate success. Recognising the threat that the personal computer posed to the future growth of the bureau business, however, it set about radically changing its business by gaining the UK distribution rights to the Sirius personal computer made by Victor Technologies of California.

However, it subsequently became worried, and rightly so, about Victor's viability and was anxious not to be limited just to the UK. It therefore designed and developed the Apricot and set up a factory in Scotland in little over a year. The Apricot has been a considerable success and for some time ACT and IBM were neck and neck in the British personal computer marketplace.

However, it is now clear that IBM has a clear lead with a particularly strong position in large corporate accounts and in the South, though ACT still fares better in the North and with small businesses. In addition companies like Olivetti and Sanyo have also been inreasing their share of the UK market.

Mike Whittaker, analyst at stockbrokers Simon and Coates, comments: "ACT has a real problem in selling to the large corporate accounts, particularly as many now have a company-wide policy which requires that they standardise on one micro."

As part of a move to retain its UK position ACT is broadening its marketing approach so it has two distinct product lines, the Apricot and the cheaper F Series. Although they look different the two are essentially the same and run the same software.

In addition ACT has cut the price of its slow selling portable and the F1e which is aimed at the education market. Later this year ACT is expected to produce its most powerful personal computer to rival IBM's PC AT, still in very short supply.

As a result of these changes ACT expects to sustain an 80 per cent growth in sales in the UK market. Total turnover for the company is expected to rise to nearly £170m in the financial year ending March 1986.

In spite of such optimism, though, ACT's share price has continued to fall. When its full year results are published shortly it will have a very low rating for a high technology growth company.

After better than expected sales in March, ACT is likely to report slightly higher profits than expected. But even that is unlikely to convince the doubters who will wait to see if ACT really can play in the big international league.

Why people resist change

Christopher Lorenz on the stultifying effects of power

"POWER CORRUPTS," runs the famous saying. But so does powerlessness, warns Rosabeth Moss Kanter. It turns people into petty dictators, and makes them resist change.

An American engineering company she knows is trying hard to change its culture, and become more entrepreneurial. But two of its key division chiefs, on whom its revival depends, are threatening to leave because top management decided on a major reorganisation without consulting them.

As author of the best-selling book "The Change Masters—Corporate Entrepreneurs at Work"*, and consultant to a string of top U.S. companies, Moss Kanter has a fast-growing following of managers who want to change their companies' ways, but don't know how.

She cites around ten reasons why people resist change, and has plenty of advice on what corporate leaders can do about it.

1—Loss of control, or the ratio of "done to me" versus "done by me." This is the problem being experienced so bitterly in the engineering company. The obvious answer, she says, is to involve people in decision-making, or even to get them to take the decisions themselves. One must be honest from the very first about the limited choices that may be available. One must build coalitions, one must anticipate who one's opponents are going to be, and decide how to win them over. Even if the situation is so dire that it demands unilateral action, one must leave one's subordinates to decide, even if it is only how to wield the axe.

2—Excessive personal uncertainty. People often feel "like walking off a cliff blindfolded." The first question they ask when confronted by change, says Moss Kanter, is "what's it going to mean for my job?" The response should be to provide more information, and especially to explain the personal implications of the change, including how long uncertainty is likely to last. One should not only explain what is happening, but why. One should create credibility by being honest.

3—Avoid surprises, even when the change is positive. "Springing bright new ideas on people creates scepticism, if not downright negativeness—people want a chance to think things through." One way to overcome this hurdle is to make information plans. Another is to hold a series of one-to-one meetings before an announcement is made.

4—"The difference effect." People build identities round certain aspects of a business, round corporate names, even round buildings. So "only change what you have to; and honour tradition by keeping familiar symbols."

5—Loss of face. One of the biggest sources of resistance, this can be at least partly overcome by acknowledging people's competence under the old regime, and—again—by letting them participate in deciding the change.

6—Concerns about competence. People worry that "all I know is the old style of management." Or "I don't know how to type and now they've taken away my secretary." The solution is to train, coach and "rehearse" people.

7. Ripples — the unexpected effect of action in one area upon another. The solution? Catastrophe planning — "think the unthinkable."

8. More work. Change always means more work. One should be open about this, and challenge people to do it: "acknowledge that it's a reality, and reward it."

9. Past resentments. People will resist change if its source is a person or an organisation about whom (or which) they have a grievance. "The cobwebs of the past come back to haunt the future." However well hidden the resentments may be, one should discover them, and remove or repair them.

10. Real threats. Sometimes people are right to resist change, because it really will threaten them. The response? "Don't hide it. Be honest. Make it short—do it first and fast." And, yet again, involve people. "You can mitigate some of the pain by giving people different options for how to handle the pain."

Presenting this advice to a Management Centre Europe conference earlier this month, Moss Kanter concluded with the caveat that sometimes—just sometimes—it is, after all, better to act first and explain afterwards. She called this "the Jesuit principle of management"—that "it is easier to beg forgiveness than ask permission."

This was a particularly good principle for middle managers who faced roadblocks but wanted to get things done, she argued. After listening politely, but with restraint, to all her advice about consultation and consideration, many of the executives in her audience visibly relaxed. They were back in the familiar managerial territory of decide and rule.

* *Published by Counterpoint (Unwin Paperbacks). Price £4.95.*

BUSINESS PROBLEMS — BY OUR LEGAL STAFF

Constructive dismissal

Under the employment redundancy acts an employer seeking to make fewer than 10 people redundant is not required to inform the Ministry. Is he compelled to inform the respective trade union?

If the employer conceals the situation and wrongfully conspires with trade union officials to organise a strike with the result that the strikers are dismissed and lose redundancy entitlement, is the employer guilty of constructive dismissal under the employment acts?

If not, what can he be charged with? I suspect that it would come under the conspiracy acts with consequent suing for damage.

I also understand that trade union members cannot effectively sue trade union leaders for negligence because the courts require evidence of breach of contractual obligation and for this purpose use the trade union's rule book only.

Where an employer need not inform the Department of Trade he need not inform the union either.

In the case which you describe it would probably amount to constructive dismissal and would also give rise to a claim for conspiracy to injure and to induce breach of contract at common law.

We agree that no claim in negligence would lie. Your principal difficulty is likely to be in proving the facts on which the claims would have to be based.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

TECHNOLOGY

EDITED BY ALAN CANE

Putting digitisers on the map

Geoffrey Charlish reports on a faster, cheaper machine for making computer drawings

ENGINEERS in the electronics industry may find it easier to put into digital form information from large drawings with a new product from Terminal Display Systems (TDS) of Blackburn, Lancashire, UK.

The hardware is a large pad or tablet measuring 4ft by 3ft on which a drawing or blueprint can be placed. With a pen-type instrument, a technician signals to wires under the tablet the position of an item on the paper that he wishes to record.

The wires then relay the information to a computer which stores it in digital form. The equipment from TDS, a 90-strong company with annual sales of £4m, can obtain a digital representation of co-ordinates accurate to 0.001 inch.

The technology, which gets round the problem in conventional designs of extracting signals from many hundreds of individual sensing wires, was developed by a team at the University of Salford. It has resulted in large, fast machines that can be sold for £5,000, whereas prices up to £30,000 are not unusual with present units are used in computer-aided them come from the U.S.

Digitisers are widely used to convert physical positions, on a map or drawing say, to precise X and Y co-ordinates that are fed to electronic systems for storage or processing. Smaller units are used in computer-aided design systems for example, where a stylus moved about on a desk top tablet is mirrored on the system's electronic screen, allowing drawings to be made or functions to be selected from a menu printed on the tablet.

To minimise signal extraction problems, the TDS tablet uses only four X and four Y sensing coils across the width and breadth of the tablet. Each is laid down in the form of turns each, connected together and spaced by 0.25 inch.

The digitiser's measuring head is positioned over the horizontal array of coils (in practice, over the map or drawing placed on top) and is essentially a small transmitting aerial. It radiates a very pure 6 kHz signal into the four coil arrays, which, due to their spacing pick up the signals with differing electrical phases.

Summing the signals from the four coil sets for each of the X and Y axes produces a signal with a phase angle that is proportional to the position of the measuring head. The system also uses coarse-spaced coil sets which allow the head to be fixed within a few thousandths of an inch using a vernier effect.

For the company's smaller designs, the coils are produced using printed board techniques. Since this is not feasible for the larger units, a special production technique had to be developed.

To ensure that the wires of the four coils lay parallel to each other in the proper spaced positions, they are first wound under tension. The frame is manually on a rigid frame then placed horizontally on to a specially dense polyurethane moulding where the wires are held in position by disc-like spacers moulded into the surface.

Bob Astley with the digitiser bed.

After positioning, the wires are fixed in position by pouring on resin which also forms the working surface of the digitiser. The support moulding is a considerable achievement in that it holds the wires, claims the company, to within fractions of a "thou" over distances up to 48 inches. Some 17kg of polyurethane foam up under high pressure in the mould to give highly accurate surfaces and a specific gravity of 0.6.

Even so, changes can occur in the 90 deg relation of the two axes. These are determined on a high accuracy calibration rig for each digitiser and are programmed out in the electronic processing.

Apart from the fact that the system has only four electrical outputs per axis, the unit also has the advantage that it is relatively insensitive in the Z axis (vertically up and down). It can therefore be built in under the surface of a desk and still function normally through the desk-top thickness.

Mr Bob Astley, managing director of TDS, estimates the world market for digitisers to be worth about £150m. He believes competion with companies like Calcomp, Summagraphics, Numonics, Kurton and others will be difficult at the low end of the market with high volume products in the region of hundreds of pounds.

At the top end, for large scale high accuracy, Astley thinks he has a winner and is already setting up an agency in the U.S.

An early sale by TDS was to Ectak Services in Nottingham, where a system has been developed to speed the design and production of embroidery.

Normally, the original artwork has to be enlarged six times and laboriously copied by manual digitisation to produce punched paper tape for the embroidery machine on a "blow by blow" basis. The Ectak unit employs the big TDS unit to extract co-ordinates at up to 500 pairs per second, producing an on screen version which can then be processed for stitch size and colour.

The TDS high resolution digitiser in use.

The Doodle aims to draw on a wide market for software

Geoffrey Charlish on a computer drawing tool for use throughout industry

TRILEX, a 14-strong software company with a simple approach to computer aided design (CAD), which has only been in existence since June last year is set to achieve a turnover of at least £0.5m in its first year of operation.

Based in Staines in the UK it offers software that can be run on many different makes of personal computr (PC).

Mr Christopher Bennett, its managing director, is aiming his product, called Doodle, at a wide spectrum of potential users throughout commerce and industry, rather than the high technology professional engineering fraternity.

Trilex hardly has the market to itself—Bennett acknowledges Autodesk (London), Compsoft (Guildford) and MBS Soft (Slough) among others. But there are plenty of prospective customers—some 250,000 PCs are now thought to be in use in the UK alone.

The idea is to put a simple, but good quality computer drawing tool into the hands of those than can benefit from illustrations, either on screen or on paper.

An important feature is that any DOS-based word processing software system can be merged with Doodle to allow pages of illustrated text to be compiled and printed.

Even more important is that the Doodle software costs only £795. The only other requirement apart from a PC is for a dot matrix printr or a plotter, and Doodle will work with 38 brands of the former and 21 of the latter.

The software has a central common "core" and some 37 differtnt "shells" covering most of the important brands of computer, including ACT, Commodore, Compaq, Data General, Ericsson, IBM, and Olivetti.

Trilex makes points which, although obvious to professional CAD/CAM users, may not have occurred to more general PC users in industry and commerce. For example, drawings are easily constructed from the PC keyboard or from a "mouse" (Olivetti or Microsoft) which is a device moved about on the desk surface to produce similar movements of the drawing point on the screen.

Lines and shapes can be changed quite simply, and material can be merged, repeated or changed in size. Drawings can be annotated in various founts. Once compiled, they are kept on floppy disc and can be re-played or printed out.

The user list is already impressive and includes ICI (molecule mapping), British Rail (training manuals), British Aerospace (hanger layout), Sainsbury and Asda (shop schemes) and IBM (office layout).

Already 1,000 systems have been sold in areas such as architecture, interior design, engineering drawing, illustrated report and manual writing. All kinds of flowcharts, forms, office layouts, factory floor designs, supermarket plans and training materials — even examination papers—have been written with Doodle.

Bacteria that can trap drunken drivers

BY PETER MARSH

JAPANESE researchers have devised a new kind of sensor that could lead to greater use of automation in breweries.

The device, based on semiconductor technology, measures the concentration of alcohol in a mixture of liquids. Asahi Breweries, which developed the sensor in collaboration with Professor Ikuo Karube of Tokyo Institute of Technology, says it will use the invention in sake production.

The brewing company says it will also attempt to find applications for the sensor in medical areas. For instance, the device could form part of portable units with which police or doctors monitor the level of alcohol in people's blood to check on drunken drivers.

The sensor is based on a field-effect transistor to which is added a layer containing special bacteria called acetobacters. The latter react in the presence of ethanol to form vinegar.

When alcohol comes into contact with the device, the vinegar-forming reaction changes the physical properties of the transistor, producing a characteristic electrical signal that can be measured.

In a brewery, such sensors could be linked to equipment such as valves that are activated by certain concentrations of alcohol.

For instance, the devices could form part of an automated system that channels liquid from a vat into a specific length of pipework when the alcohol level reaches a particular point.

Sensors based on field-effect transistors are still in their early stages of development in laboratories around the world.

Similar transistors, with the appropriate type of chemical added, could monitor a variety of substances in industrial plant or in consumer goods.

Thorn EMI in the UK is working on chemical sensors that would monitor gases in domestic ovens to spot when cakes are baked.

Other applications include monitoring the chemical nature of ink in printing processes to check that the ink is of optimum quality.

Plessey, the British electronics company, is one of several organisations investigating the application of field effect transistors in medicine.

With sensors that react to particular enzymes or proteins in the human body, doctors could routinely monitor the bloodstream of patients for signs of illnesses.

According to some observers, such hardware could eventually figure in health care systems that people use in their homes to check on signs of disease and levels of fitness.

Computer controls for pipework

COMPLEX SYSTEMS of pipework can be controlled with a set of automatic hardware sold by J. Jones Automation of Nottingham. The company says the equipment can be used in a variety of machinery that transport liquid through pipes under pressure, for example in the water, chemical and food industries.

The system checks pressures throughout the pipe network and assesses whether valves are open. Optimum daily pressure readings are programmed into a supervisory computer which checks on data sent by pressure transducers to monitor whether these values have been exceeded.

With the hardware, the central computer can send electrical signals to different parts of the pipe network, for example to close or open valves.

Automatic lights

ELECTROLOK of Bolton, Lancashire, UK, has produced an automatic device which senses when rooms are empty and turns off the lights.

The device, LightSpot, contains a sensor linked to individual lights or banks of fluorescent tubes. It can detect figures or doors opening at a range of about 12 metres.

Assembly unit

ADDISON TOOL of Birmingham is selling a new machine for the automatic assembly of screws, nuts and washers from 2 mm to 6 mm in diameter.

The machine, made by Oku of West Germany, can fit into a bench top or become part of large automatic assembly machines. The equipment uses a 0.18kw motor.

THE ARTS

Television/Christopher Dunkley

Preserve us from soap

When was the last time you used the Middle English conjunction "lest" in conversation to mean "for fear that"? Perhaps you are not watching *Crossroads* often enough. Last week, when asked why she was hiding, "and from whom," one character exclaimed "From the world, Paul, lest I start spitting tacks at it!" On *EastEnders*, too, you occasionally hear the *most astonishingly pretentious* lines. Most dialogue is on the level of "You'n 'alf getcherself inner some scrapes, Ange" (You don't half get yourself into some scrapes, Angela) but last Tuesday one poor soul was required to declare "You can't short-change people in the present and pay them off with the good old days."

With 11 episodes of the five main British soap operas — *Brookside, Coronation Street, Crossroads, EastEnders* and *Emmerdale Farm* — appearing every week nowadays, there is a *distressing amount of such* clap-trap around. Two or three weeks of monitoring all the soaps suggests that there is only one where you can be practically certain of avoiding such false and flowery rubbish: *Coronation Street.*

Let us be clear about one thing: in my book, *Dallas* and *Dynasty* are not soaps. For me a soap opera is a relatively low-budget, half-hour programme, broadcast in the daytime or *early evening, with enough* episodes each week to produce in viewers the feeling that they are eavesdropping on the daily life of a community which exists in parallel to their own. The very essence of British soap *opera is its banality. Life in* a true soap is very similar to life as experienced by most members of the audience; not identical, of course, or there would be little point in watching. There must be a higher proportion of "drama" in the programme than in real life, or at the very least a sense of heightened reality. But in a true soap there will be plenty *of characters with whom* the audience can readily identify.

Dallas and *Dynasty* (and Britain's new contender in this field, *Connie*, concentrating on clothes and *clichés) are utterly* different. These are big-budget, one-hour programmes, screened once a week in mid evening, and specialising in the unfamiliar and *unrealistic—indeed, the* ludicrously far-fetched. Both types of programme seek to offer us escape, as narrative fiction always has. But they do so in *widely differing ways:* a soap such as *EastEnders* invites escape into a mundane world of everyday experience which is utterly familiar to the onlooker, whereas the glossy *Dallas* offers escape into an utterly unfamiliar *world of sex, power* and money where melodrama is the norm.

Neither type of programme has ever appealed to me. The glossies are so *wholly unbelievable* that they fail to produce the suspension of disbelief which is vital for the real enjoyment of drama: I gaze at *Dallas* in profound disbelief, wondering perpetually "Why are the producers so keen that one should dislike this character?" and so on. So conscious am I of the producers' continual manipulation that it is *like watching an unbroken* string of Brecht's "alienation effects." On the *other* hand, with the soaps I find difficulty in remembering to switch on often enough *to follow the* plots. When I do the tedium *reduces me to catalepsy.*

Over the years some readers (happily few) have made it clear that they regard it as scandalous that this column has ignored the soaps. *To me it* seems as reasonable for the FT to *ignore Crossroads and Brookside* as it is for the FT Books Page to ignore Mills & Boon "bodice-ripper" paperbacks. However, just as Mills & Boon heavily outsell the books which we do review, so the soaps win much bigger ratings than the programmes usually reviewed here. In last week's Top 10, *Coronation Street took* places one and two, *Crossroads* came third, *Emmerdale Farm* fourth and equal tenth, and *EastEnders* equal ninth.

During the heaviest viewing months in winter it is not *unusual for more than* 20m people to watch *Coronation Street.* At present the figure is about 16m. *EastEnders* achieves 12.5m for BBC1, and *Brookside* (if you *include* the weekend repeat) attracts about 4.3m to Channel 4. With such a large proportion of the population *watching them.* it seems reasonable to *have a look at the soaps once* every few years—not so much as drama but as a curious *social phenomenon.*

Coronation Street aside, the *picture they offer of contemporary* British society is deeply depressing. The feeling one gets is that the producers and writers are all former sociology students, or at any rate have limited their reading during the last ten years to "New Society" and the "Guardian" feature pages. In *Brookside* and *EastEnders* particularly, but also in *Crossroads* and *Emmerdale Farm to* a smaller extent, there is a powerful sense of being preached at.

Stereotypes are studiously reworked so that—for instance—women are seen as generally the tougher sex and men are *portrayed as mechanically* inept wimps: the Pakistani grocer in *EastEnders* has to get his wife to mend the price labelling machine, Arthur is hopeless with both till and beer pumps in the pub, and in *Brookside* Harold *is* useless with the washing machine. Arthur bursts into tears because he cannot get a job, and in *Emmerdale Farm* Sugden bursts into tears *because he really loves his "stepson"* (actually *his real son*) Jackie, who is in hospital after an accident.

Over the years *Coronation Street* has been criticised for not featuring enough black people, *nor enough unemployed,* or divorced, or members of one-parent families. Yet it is *Coronation Street* which has actually stayed closest to *reality:* contrary to what a Martian visitor might imagine after watching *Brookside* or *EastEnders,* most people in Britain are still not unemployed, still not divorced, still not members of one-parent families, still not part of the 4 per cent of the population *which is black.*

Not only does *Coronation Street* seem to have kept its balance better in such matters, it has also kept a sense of proportion about human relationships (and maintained a technical *expertise* found in none of its competitors). In most of the soaps, couples are depicted as distrustful, insensitive, irritable, jealous, contemptuous, intolerant, *devious,* unsympathetic, unfaithful, discontented and rude. If they were giving an accurate picture of British society one would want to jump off the nearest cliff. *In Coronation Street* quite a lot of the characters—even those who are married—have a sense of humour.

As for technique, script writer H. V. Kershaw topped and tailed a recent episode of the *Street* with Shakespeare. The opening lines were:

"Once more unto the breach dear friends!"
"Shakespeare, right?"
"Correct."
"By 'eck he came out wi' a thing or two, that one, didn't he?"

The closing lines, back in the shop where the episode (and the entire series 25 years ago) started, were a reference to *Romeo and Juliet, two of the Street's* families having become star-crossed over the making of a silver dress.

There is an assurance about the rhythm and structure of *Street* scripts which puts them *in a different class from the* rest. Moreover, it is difficult to imagine any other soap supplying the winner of the Royal Television Society's "Best Performance Award" against the Peggy Ashcrofts and Diana *Riggs of this world* as the *Street* did last week in the person of Jean Alexander—Hilda Ogden as 20m viewers know her.

What will posterity make of the soaps? Noting the accuracy in surface *details—the clothes,* the halves of lager perpetually *consumed,* the references to real events—will our descendents assume that the attitudes and *mores* are equally authentic? Or will they guess that, as in *Dickens'* novels, there is a lot of exaggeration and special pleading?

Let us hope that *Coronation Street* is the only one to be preserved.

Jean Alexander as Hilda and Michael Le Vell as Kevin in "Coronation Street"

YMSO/Festival Hall

Richard Fairman

In his mature years Verdi became increasingly interested in musical education. He would have been pleased to find that the Young Musicians Symphony Orchestra under James Blair had chosen his *Requiem* for *their concert at the Festival* Hall on Sunday afternoon; and, if some reports of 19th century orchestral standards in Italy are to be trusted, would also *have been impressed* by their playing.

The work has some notorious danger-spots for inexperienced players: the cellos' exposed introduction *to the* "*Domine Jesu*" was securely phrased and the soft, full chords which end the "Lacrymosa" were placed with a fine sense of ensemble. I *doubt if a casual* listener would have mistaken this for a professional performance — the strings sounded too thin and the brass, when they let rip, too *raucous* — but *its* technical grip on the score was complete.

If only it had found a little more Italianate ardour too. Verdi often said that he approved of performers with "the devil in them." Though it *might not seem an appropriate* sentiment to invoke the devil for a Requiem, we could have done with him here. Many sections of the work ("Dies Irae" apart) lacked tension, *satanic* energy and bite; and in the final chorus James Blair's juggling *with* the tempi vitiated both forward momentum and, dangerously, ensemble.

The Royal Choral Society and the bass, John Hancorn, for all *their careful diction* and musical phrasing, did not begin to generate any spark of spontaneity. But the mezzo, Penelope Walker, gave the "*Liber scriptus*" *an authentic* Verdian fire; and Margaret Curphey, though no longer able to manage the most taxing phrases at the top of the voice, still *finds some excitement* in the soprano part. The tenor, also straying beyond his limits, was Ramon Remedios.

Teatro Filarmonico/Verona

William Weaver

The sumptuous and *internationally* popular summer opera season in the vast Arena of Verona has attracted such attention that other musical activities *in the city* tend to go unnoticed. But the winter opera *season,* held in the beautiful and recently restored Teatro *Filarmonico,* is well worth keeping an eye on.

Though brief, it is well-conceived, employing a *big star* or two from time to time, but also giving opportunities to younger talent. Typically, this season's programme included Gluck's *Orfeo ed Euridice*, a staging of *Carmina burana*, a ballet evening, several symphony concerts, and—to represent the 19th century repertory —*Verdi's Il finto Stanislao* (also known as *Un giorno di regno*).

Verdi's *second opera,* as everyone knows, was a disastrous failure at its premiere in 1840, and was never revived in the composer's lifetime. Even the second "Verdi Renaissance," which began in 1951 (50th *anniversary of* Verdi's death), failed to restore the youthful opera buffa to the repertory. There have been a few scattered performances, after which critics have again pointed out the borrowings from Rossini and Donizetti, *insisted that the* work is "un-Verdian," and allowed the score to return to the archives.

But this Verona revival, *though not ideal,* demonstrated that the work is coherent, enjoyable, and—to these ears, *at* least—Verdian, especially in its aggressive orchestration and its almost brutal vigour. It is not witty (we are a world away from *Cenerentola),* but it makes its points, event if there is a contrast between Romani's light, *elegant text and the* blaring of Verdi's trumpets.

The Arena orchestra (used *also for the winter season)* is a fairly good instrument, and Rico Saccani *encouraged the* musicians to play enthusiastically. They conveyed the work's vitality, with no attempt to create subtle nuance where *none exists.*

Of the singers, Enzo Dara as the pompous Kelbar was, of course, in his element, and also in good voice (he *sings* more than many buffo artists do). In the leading role, Belfiore, the *musical* baritone Alessandro Corbelli also displayed wit and style, as well as an ingratiating sound. The tenor's music is not easy, and Paolo Barbacini had a hard time coping with it; the same can be said for Krystyna Rorbach, who was the Marchesa. But Luciana D'Intino was a *sweet and pert Giulietta*, a really promising soprano.

The composer, Sylvano Bussotti was designer and producer. Even Bussotti's detractors usually recognise him as a "man of the theatre," but *his skill* was not evident on this occasion. The lighting was atrocious: the *singers'* faces were almost always in darkness, especially when they were singing their arias. The scenery consisted largely of three *movable aedicules,* obtrusively shifted this way and that for *no discernible purpose.* The costumes made no sense and had no originality. As so often happens these days, the music had to triumph on its own; and it did.

In the Belly of the Beast/Lyric Studio

Michael Coveney

This is a different play from that of the same title reviewed here in April by B. A. Young. That was a Los Angeles monodrama based on the book of *letters written by Jack Henry* Abbott to Norman Mailer.

The Wisdom Bridge Theatre of Chicago takes the material, intercutting it with transcripts of the trial, in 1981, at which Abbott was convicted of the murder *of a waiter*, Richard Adan, shortly after emerging from 19 years of prison.

It is a powerful piece, distributed among three actors, set on an imposing prison design of clanking steel doors and *adaptable bars and grilles.* As a prelude to Abbott's account of his experience in a black-out cell, the livid green back wall moves eerily forward and shuts down the stage, *pushing a mildewed* striped mattress under *our noses.* The mattress is later used by Abbott as the body of a warder hacked to pieces by a fellow prisoner.

Robert Falls's productions *is full of such gripping and ingenious* detail. Banners fly out in Brechtian fashion to proclaim such subjects for discussion as "Freedom" or "State-raised convict." The effect is to sustain claustrophobic pressure *while achieving some* remarkable spatial tricks Abbott himself comes across, in William L. Petersen's performance, as a chippily resentful, vestigially elegant man resembling a sawn-off version of Christopher *Walken, poised* electrically on the balls of his feet, brimming with anger and paranoia.

His history of foster homes and physical deprivation in grim penitentiaries—he had no body contact with anyone *for 20 years* —*is used to underpin the almost comic-tragic circumstances of* the Adan murder *in* which, Abbott's defence argued, he mistook a direction to an outside toilet for an invitation to a fight. With a single neon light that fateful dawn in the Bowery *diner* comes alive. "Denied the society of others," Abbott was incapable of adjusting to the simplest social circumstances."

Yet no one suggests he should *be freed; no special pleading is* entered, aside from brutally convincing descriptions by Abbott of security prison life, where, in New York State's Attica Prison, he is serving a 15-year sentence for killing Adan.

The toughness and vivacity of Abbott's own writing is reflected in the staging, with Mr Petersen viciously banging his head against a filing cabinet at the news that his mother had died, or begging for water in the *strip* cell, *only to see* a glass emptied on the floor as the lights judder back up to full and he hurls a chair across the stage.

Like Tom McGrath's Jimmy Boyle play, the degradation in prison routine is as much a subject as its prisoner. In this, Mr Petersen is abetted with some fine, versatile support work by Tim Halligan and Peter *Aylward switching from* attorneys to warders, even to Abbott himself in contrasted reflective passages. This is all managed with much verve and skill.

A critical queue at the cinema

Nigel Andrews

Cahiers du Cinema: The 1950s
Edited by Jim Hillier. Routledge and Kegan Paul and the British Film Institute, £16.95. 305 pages.

French Cinema
By Roy Armes. Secker and Warburg, £12.95. 290 pages.

Science Fiction Films
By David Shipman. Hamlyn, £8.95. 168 pages.

How are the mighty risen! Whatever doubts may be cast today on certain other resurrection myths, there can be none *about the* revived impact of post-war French film criticism on modern students and cinephiles. *Cahiers du Cinema* was the magazine that launched Godard, Truffaut, *Chabrol, Rohmer* and Rivette upon the world as reviewers and essayists, and later stood by in open-mouthed awe as these critics swapped pen for movie-camera and created the French New Wave.

A quarter-century after *A Bout de Souffle* and *Les 400 Coups*, the writing of this group seems no less innovative and intriguing than their films. Jim Hillier has assembled 36 essays *from Cahiers' vintage years,* including such adventurist critical gems as Rohmer's "Ajax of the Cid?" (on *Rebel Without A Cause),* Chabrol's "Serious Things" (on *Rear Window)* and Bazin's *long and deftly argued* defence of *Cahiers'* director-oriented criticism, "On the *politique des auteurs."*

Sometimes, of course—and it was half the magazine's charm —*Cahiers* could be downright perverse. The deification of Hollywood directors like Ray, Minnelli and Preminger, although it was a bold attempt *to show how film-makers* with a pictorial sense could transform trite scripts or worn subjects, takes an original idea into the realm of total delirium. "If the cinema no longer existed, Nicholas Ray alone gives the *impression of* being able to reinvent it," says Godard mystically of the director of such lovable hokum as *Johnny Guitar* and *The Lusty Men.*

Yet, in pulling film criticism away from preciosity and towards a new appreciation of pictorial powers and the pro*fundity lurking in the popular, Cahiers* prepared the way for the 1970s and 1980s, when critics were more prepared than ever to acclaim a Hollywood genius like Spielberg or Lucas in the same democratic breath as a Fellini or a *Fassbinder. Cahiers* destroyed the idea that good films had to have a sound cultural pedigree or patina: to be based on a classic novel or *play, to be filmed in the sober* elegaic style of the "art movie." Its critics cheered colour, CinemaScope, "big" subjects and strong emotions. While never neglecting the importance *of ideas, they* also wanted to return cinema to those it perhaps truly belongs to: the people who enjoy it.

Roy Armes' critical approach in *French Cinema* could have done with a few *Cahiers*-esque quirks and éclats. This history of Gallic film-making, from *Lumiere* and *Feuillade* to Truffaut and Tavernier, is dogged, linear, commonsensical. There is scarcely a heterodox opinion in sight. Armes seems to agree both with today's consensus pantheon of great *French directors* — Gance to Godard—and with the consensus verdicts of time and critical history on individual films. Which sometimes makes one wonder why, with so few fresh insights or novel sightlines to *offer, he wrote* the book. If, however, there is an urgent hole in your bookshelves around F for French Cinema, you could do worse.

David Shipman's *Science Fiction Films* is also a linear thump through history. Shipman's style is cheerful and populist, tending to spray value-judgment epithets around the place — riveting, extraordinary, simplistic, banal, amazing, undistinguished — with nary a pause to argue them. This is a punter's style rather than a *critic's, but he certainly knows* his sci-fi territory—myriads of movies get a going-over—and the illustrations are large, profuse and colourful.

Twain Tonight!

Martin Hoyle

By the time this review appears *Hal* Bolbrook will have taken his solo performance on a tour that crosses Europe to Asia. An American institution (the actor first tackled Twain 31 years ago), *he is the finest* cultural ambassador imaginable.

The pseudonymous Twain, civilised, sceptical, ironic, detached, ripely mischievous turns up the best of the old American literary tradition. Mr Holbrook's flexible programme in London, drawn from the immense range of Twain's stories, sketches, speeches, reporting and autobiography, *tactfully omitted his* observations on the Old World, but what remained was astonishingly fresh. The Monty Python team would envy the story of the factory-worker who fell into the machinery to *emerge as 39 feet of 3-ply* carpeting (and the dilemma of his widow who, while wanting a good funeral for him, could not bear to roll him up):

The acerbic modernity extends to religion—a wicked leer *at a heaven without sex;* "prayer takes its place"—and its attendant hypocrisies: The amiably throwaway technique hides incisive comment — a grenade *wrapped in cotton-wool — on a* civilisation that has perfected the means of mass-killing. A bleak misanthropy, flickeringly illuminated by humour, marvels at the degradation of mankind, the lowest of the low. "Below *us — nothing. Nothing." Pause.* "Nothing." Long pause. "Nothing but the French." A great writer; a great performance.

Chaps/Theatre Royal, Stratford

Antony Thorncroft

You probably need an escape route if you are a gynaecological specialist in an inner London hospital. Ten years ago Dr Sam Hutt discovered his alter ego in *Hank Wangford,* a singing cowboy, and the pub *entertainment circuit* has been a happier place ever since. Now Sam-Hank has fleshed out his songs into a revue, *Chaps,* at Stratford.

With its experience of audience participation this is the ideal venue. "Why are we here" says Wyatt (John Hartley), mc for the show. "Because we're not all there," answers a local wit on cue. *Wyatt is warming us up before* the band comes on, dwelling on the country values, the most important of which is sincerity.

Of course the ambiguous certainties of the southern states are the easiest of targets *for satire; Chaps does* not miss a pun or a parody. Behind the glutinous smiles of the *performers* Mammon stalks. Colonel Frank sends ticker tape messages from "somewhere up there," chastising the audience for not buying enough *Sincere Products* merchandise during the interval. In *the (much sharper) second* half a young lad is trained to be a cowboy so he can go forward to the ultimate reward, owning a franchise for Sincere *Products.*

What makes *Chaps* superior to the *routine* send-up of Southern hypocrisy is the straight-faced playing of Hank; the Nashville glitter of Miss Cissie Footwear, whose smile *never slips; and the music of* the band. Before the jokes have the chance to become tiring Hank and the boys are shouldering their guitars to dash off little numbers *like* "Never wear mascara when you love a married man," and "Jogging with Jesus." Well done, *Chaps.*

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

May 24–30

Theatre

WEST GERMANY

English Speaking Theatre, Frankfurt, Cafe Theater, Hamburger Allee 45: The Mousetrap by Agatha Christie is directed by Brian Sheehy. (069/777486). Running every evening except Mondays.

LONDON

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and *a dwindling reliance* on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. *No child is known to have asked for* his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 8834).

42nd Street (Drury Lane): No British *equivalent has been found* for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled trilogy of Pinter plays: A Kind of Alaska in which a victim of sleeping sickness awakes after 29 years; Victoria Station, a funny throw-back to Pinter's early revue sketches; and last year's One for the Road, a chilling piece of intimidatory police state confrontation with first Pinteresque intimations of political despair. (836 8243).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the *poseur* as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New *translation* by *Adrian* Mitchell. (928 2252).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as *the circus impresario, adding one or* two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Me and My Girl (Adelphi): Sleek, *efficient* and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new *musical star* since Michael Crawford. (836 7611).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Dreamgirls (Imperial): *Michael* Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop *group, à la Suprêmes,* without the quality of their music. (239 6200).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-*running musical ever in America* has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's touching and funny recollections as a drag queen add up to the best histrionic Sarah Bernhardt role on Broadway today. (944 9450).

WASHINGTON

Count of Monte Cristo (Eisenhower): The second production of Peter Sellars' new American National Theatre company is the James O'Neill version of this swashbuckler. (254 3670).

The Waiting Room/Bromley

Antony Thorncroft

Catherine Muschamp's new play, at the Churchill, Bromley, gets off to a cracking start: a *train eases noisily into view,* flashing lights and spurting smoke over the station waiting-room, the setting for a neat little two-hand drama.

The protagonists are two German officers of First World War vintage. But we quickly recognise them as Rosencrantz and Guildenstern, stuck with *the task of escorting a particularly* dangerous virus out of the country, in this case Lenin and his comrades, being given passage through Germany so that they can take over the Russian Revolution and ease *the pressure on the Kaiser's* armies of the eastern front.

With a scenario based on historical fact Ms Muschamp (most recently in the West End with *The Killing Game)* can concentrate on *that familiar* theme—how 24 hours in a confined space can shatter the illusions even of a Prussian Junker.

There are enough twists and explosions to recapture atten*tions wandering at yet another* description of the horrors of the trenches. Peter Coe's tight direction is well served by Edward Woodward, as the *worldly senior officer, acting* off son Peter Woodward, as the young subaltern who discovers that orders may be based on hypocrisy but obeying them *is still the best way to survive.*

You do not look to the Churchill *for political plays* but this one serves the theatre, and the audience, well. The effective design is by Terry Parsons.

Golden hoard sold

The Pulham hoard, the most important collection of gold coins to be found in the UK for a *generation, was sold at* Christie's yesterday for £67,856. The money will go to the North Dorset farmer, Simon Drake, who unearthed the hundred *coins* last year.

The coins date to the Middle Ages; the majority being nobles minted in the reign of King Henry VI. *The top price* was £6,460 paid for a Henry IV half noble of 1413. An Edward III half noble sold for £5,400.

A.T.

FINANCIAL TIMES

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Wednesday May 29 1985

A challenge to Arab moderates

THE FORCES of moderation are on the retreat in the Middle East with the rule of law and diplomacy increasingly giving way to the bullet and the bomb. The chronicle of violence during the past 10 days is alarming, judged even by the region's own standards.

In Beirut, Shi'ite Moslems and Palestinians are involved in some of the bloodiest fighting of the 10-year civil war. Whatever the outcome, the only safe prediction is that it will serve eventually to open another and perhaps equally ugly chapter in the struggle for political dominance in Lebanon. In the eastern half of the capital several dozen Christians were killed by a huge car bomb which exploded in a crowded street during the rush hour.

In Kuwait, the country's ruler was fortunate to escape assassination at the hands of a suicide car bomber who drove his vehicle into an official motorcade.

Helpless

Iraq an d Iran have resumed air and missile attacks on each other's capital cities, killing yet more helpless civilians in a war which, as it moves towards its sixth year, will probably only be resolved when it is shown whether Ayatollah Khomeini or President Saddam Hussein is the more durable.

At least two bombs exploded in Riyadh, the Saudi Arabian capital, normally the most peaceful of cities. The explosions coincided with a visit to Tehran by the Saudi Arabian Foreign Minister, the first since the 1978 revolution.

In Cairo, the security forces closed off the area around the American and British embassies for several hours to ensure that they had frustrated plans to explode a car bomb.

There is no one causal theme running through these events—least of all the catch-all of "international terrorism"—although each in its way is hostile to broader Western interests in the Middle East. What they most accurately reflect are the arguments advanced over the past few years by radical groups in several capitals.

They have long asserted that only by overthrowing the established order which had allegedly shown itself subservient to American interests, devoted to the quest for personal gain and opposed to wider Arab national interest, could dignity be restored and progress be made towards resolving issues as central to the region as that of the Palestinians.

The collapse of any consensus among Arab governments set in train by President Sadat's visit to Israel in 1977 has substantially freed the hands of the radicals. There are no longer any Arab summits at which they might be called to account. The more moderate and wealthier Arab governments have refused to grasp the nettle of majority voting.

At the same time their own revenues have fallen sharply. With little sign of a resurgence in oil demand, they face straitened economic circumstances which must eventually have internal political implications. More immediately worrying is the economic impact on poorer Arab nations, such as Egypt and Jordan, whose balance of payments have been underpinned by remittances sent home by their nationals in oil-producing countries.

Egypt and Jordan are virtually alone among the Arab nations in attempting to think creatively about any form of peace process, yet Cairo remains officially boycotted by many of those nations whose best interests they seek to serve. Saudi Arabia and its allies continues to hide behind the fiction that the Arab League alone can undo the boycott.

Faced by mounting external dangers and the threat of more highly motivated internal opposition, those Arab countries which support the principle of negotiation and peaceful change will not advance their cause by remaining distant from each other.

The best single answer to the perpetrators of violence would be a swift Arab summit, with majority voting and a joint plan of action covering both the political and economic spheres. That course would be supported by Western Europe and perhaps evoke an American response which might offer greater hope for Palestinians living under Israeli occupation. To continue, Micawber-like, waiting for something to turn up, can only further surrender the intiative to the radicals.

A crucial vote for London

MEMBERS of the London Stock Exchange will vote next week on proposals that will determine the future shape of the British securities industry. A debate which may seem to be relevant only to narrow interests in the City of London is actually of broad national importance.

Two resolutions have to be approved. The first, and much the more important, would allow outsiders to increase their holdings in member firms from 29.9 per cent to 100 per cent. The second would formally recognise the fact that the rights and obligations of membership are nowadays based on the firm rather than the individual member. This will require a 75 per cent majority in the vote: the first resolution will need only 50 per cent.

Political factors

These resolutions are a response to fundamental changes which have been sweeping through the securities industry in recent years. The timing and pace of change have been dictated to some extent by political factors: the removal of exchange controls in 1979 and the agreement to abolish minimum commissions in 1983 being the most obvious. But the overriding influence has been commercial. The increasingly international character of the world's capital markets, together with rapid advances in technology, have meant that the British securities industry either had to change the practices of generations, or gradually fade away.

The long-established dealing system in Britain depends on a minimum scale of commissions and the rigid separation of agent and principal. It was undermined once it became possible to deal freely outside the Stock Exchange without such constraints.

Many firms have found strong outside partners to help them adapt to the new world. Some of those which remain independent are resentful about the fat profits made by those who have done such deals, and there is understandable concern about how the new dealing and regulatory systems will work out. The question is whether these uncertainties can be resolved by delay. Those who are urging a "no" vote next week suggest that if the Stock Exchange were forced to hold back for a year or two, it would have a much better chance of producing satisfactory reforms.

Yet the Stock Exchange is already having its work cut out to delay the so-called "big bang" until the end of next year. The central market is coming under increasing pressure from outside forces—the latest being the threat that Reuters will start listing on its own network the competing prices of market makers in front-line securities.

What would a vote against the resolutions actually achieve? The Government is determined that there will be no concessions on the introduction of minimum commissions. In one form or another, the big bang will take place by the end of next year. In addition, the Bank of England is determined that outside capital should be brought into the gilt-edged market. If the Stock Exchange does not let the outsiders in, the gilt-edged market will almost certainly move elsewhere.

There is a good chance, too, that some big players in the equity market would also declare unilateral independence. The regulations of the Stock Exchange would begin to chafe if powerful competitors were freely making markets elsewhere.

Public interest

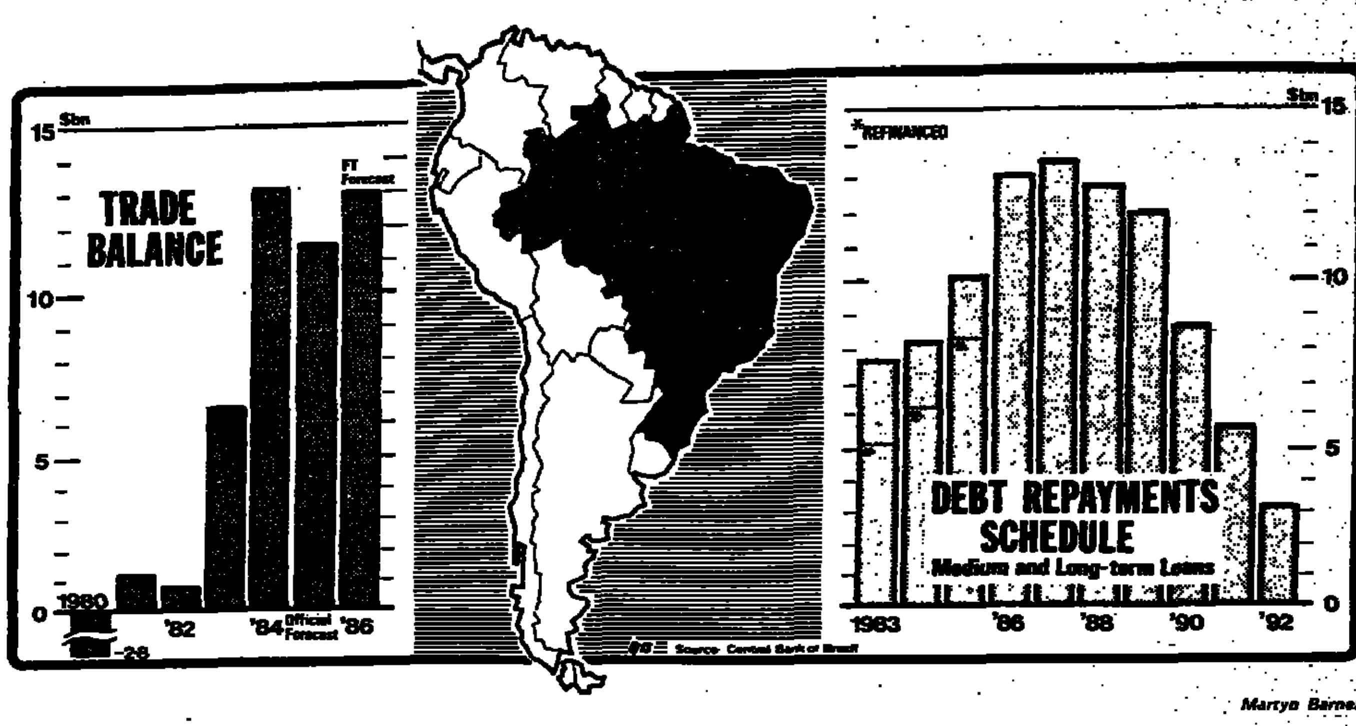
This is where the public interest comes in. The value of a central market place stems from ease of regulation and the liquidity which it generates. If the Stock Exchange loses its grip on the UK securities industry, there will be a need for a tougher regulatory system than is now envisaged. Its customers will suffer the consequences of narrower and less liquid markets.

Deregulation is bound to be a painful experience—although the smaller firms who seem most concerned about the changes should actually be better placed to adapt than some of their rivals with bigger overheads. And members have reason to be uneasy about the growth of financial conglomerates and the adequacy of the regulatory system which is now being designed. But the essential point is that the City revolution cannot be stopped by voting against the Stock Exchange resolutions on June 4.

BRAZIL AND THE IMF

'Realism': the new watchword

By Andrew Whitley in Rio de Janeiro



Martyn Barnes

BRAZIL and the International Monetary Fund have settled down this week to the third, and final, set of their gruelling and long-running negotiations. After 27 months of an up-and-down contest, the stage has been set for a grand finale.

The novel feature this time is that during the recent three-month break, Brazil has brought on a fresh player, who promises new tactics and is committed to a much tougher game altogether.

A clear favourite with the crowd, the new contestant—the civilian government of President Jose Sarney—has already proposed that "extended fund facility" should be abandoned in favour of "stand-by loan"—a change in the ground rules which appears to be agreeable to an opponent who, as usual, is giving little away about his own strategy.

The conundrums facing both teams as they prepare to face each other once more are depressingly the same. How can a developing country with a moderate-to-high population growth balance austerity against economic growth?

And how can the creditors' desire to pull in their horns, bringing down their overall exposure, be matched against the fact that domestic savings levels are clearly inadequate to service fully the debt *and* hold the Brazilian public sector in line.

Seizing the initiative, the two-month-old civilian government headed by President Jose Sarney, in place of the late Tancredo Neves, has proposed changes of both substance and style in its dealings with the IMF and its creditors, although these will remain within the overall frameworks agreed in the past.

For a start—as the Gazeta Mercantil, the leading business daily, recently wrote—Brazil "no longer intends to lie to the IMF," proposing austerity programmes and targets it knows perfectly well cannot be fulfilled—and has no intention of fulfilling.

From a psychological point of view, the departure from government of Antonio Delfim Netto, the long-time economic supremo, has cleared the air considerably. His old empire has been broken up among his successors, an able, albeit heterogeneous, group of economists and technocrats.

Six letters of intent to the IMF have been solemnly drafted in Brasilia, despatched to Washington and, within a matter of months, been overtaken by events. A seventh, drawn up last December, did not even get to the stage of being considered by the IMF Board, so unrealistic were its targets.

Realism is the watchword of the day: realism in dealing with the economic situation in Brazil as it is, rather than what one would like it to be, and realism in setting targets that the country can achieve "without excessive strain."

In a keynote speech to Congress earlier this month, Francisco Dornelles, the Finance Minister, preempted the usual closed-door bargaining process with the Fund, and gained himself invaluable domestic political backing, by presenting unilaterally some of the Government's own targets for 1985.

These are: year-on-year inflation of 200 per cent (compared with the current figure of 230 per cent), money supply growth of 150 per cent (down from 253 per cent today) and Gross Domestic Product growth of 4 per cent.

Apart from the money supply control, whose tightness reflects the ideological formation of the Finance Minister and his central bank governor, Antonio Carlos Lemgruber, the other targets are modest and relatively easily realisable.

The estimated GDP figure in particular should convince creditors that the new Brazilian government is not some spendthrift prepared to abandon austerity for the sake of politically popular growth. The 4 per cent target is below the 4.5 per cent achieved in 1984 and well below the country's historic average this century of 7 to 8 per cent.

As private and public investment alike is expected to be zero this year, growth can only be expected to come from industry taking up the remaining slack in the economy after three years of recession, or else from higher demand created by the small increase in real wages being sponsored by the Government.

Having dampened down expectations at home, as far as is politically possible, the Sarney government is naturally looking for something in return from the creditors.

The price being demanded has in recent weeks become public. The IMF is being asked to replace its Extended Fund Facility loan — suspended in February when it still had a year to run and $1.5bn to disburse—with a shorter term, 12 to 18 months stand-by loan of $1.4bn.

The idea is to give the country's economic managers greater flexibility and a longer breathing space in which to put the accounts in order.

The banks, meanwhile, have been asked to make a series of changes, some significant, others less so, in the multi-year debt renegotiation package drawn up this February with the former government. These modifications would mark a distinct break with the "Mexican model" the creditors have been attempting to impose on other Latin American debtor countries.

The two points which stick most in the throat of the new Brazilian government are the formal forswearing of any recourse by Brazil to compulsory bank loans during the planned 6-year life of the agreement, and the monitoring of the Brazilian economy by the IMF until the year 2001.

The latter is regarded as the more substantial point, as a formula of words capable of satisfying both sides can probably be drawn up to deal with the contentious question of "new money."

Although some bankers regard the creditors' insistence on Brazil doing without new money as "not worth the paper it is written on," for the majority a twice-yearly check-up by the IMF on how Brazil is performing is the only real hold they have over future Brazilian governments.

Here is where politics enters the picture. As Sr Lemgruber, one of the shoal of bright young economists who have taken key posts in the Government, recently warned the advisory committee in New York, the negotiating team will probably not be able to get either of these contentious issues past their colleagues, never mind the nationalist hawks in Congress.

From the ramparts of the Planning Ministry, Joao Sayad, successor to the seemingly eternal Antonio Delfim Netto, is putting up a tough barrage of resistance to any "surrender" to Brazil's creditors — meaning accepting docilely the kind of terms which would perpetuate the net transfer of resources abroad.

"It is impossible to continue transferring abroad, year after year, 4 to 5 per cent of GDP," he recently told the Financial Times. Over the past two years, Brazil has paid out more than $13bn than it has got in from foreign sources of capital and, if it sticks to present formulas, will send another $10bn in 1985.

> What is particularly hurting exports this year is the strength of the U.S. dollar to which the cruzeiro is linked

An advocate of both "new money" for this year and the partial capitalisation of interest payments, the Planning Minister recently brought out his heavy guns.

In a discussion paper outlining the basic premises behind a National Development Plan to be launched later this year, he denounced the perpetuation of poverty in Brazil despite the spectacular economic growth achieved over the past generation.

Between 1950 and 1980, per capital income jumped from $160 to $2,100. But its distribution remained markedly unequal.

fi As the planning ministry green paper put it, "by pressing for additional lending of $4bn a year (preserving the real level of the $104bn foreign debt, after allowing for inflation) Brazil could give itself the additional resources which would avoid putting further strain on thte domestic sector.

A few days earlier, the Finance Minister had shocked the country by revealing a public sector borrowing requirement much higher than had been earlier estimated. For this year, it is put at $14bn—equivalent to 7 per cent of GDP—to be tackled with a mixture of spending cuts, issuing of Government stock and printing money.

Countering Dornelles, fast becoming an ideological sparring partner, Sr Sayad argued that an additional $4bn from the international financial community this year could finance 29 per cent of the deficit.

The new government has shown early on its determination to be much tougher than its predecessor on state spending. But it is hamstrung by the fact that interest payments largely outside its control are the largest single factor behind the deficit.

At $14.9bn, this year's total interest bill—on foreign and domestic borrowing by, or guaranteed by, the Government—represents a full 7 per cent of GDP.

Dornelles and Lemgruber pin their hopes for relief on the balance of payments on declining international interest rates and on a retreat in the value of the U.S. dollar against other major currencies.

But set against them, a significant lobby, consisting of senior industrialists, bankers and officials, is building up in favour of giving the country more elbow room through some form of relief on debt payments.

The starting point for any debate is the balance of payments and, within it, the envisaged trade surplus.

Last year's spectacular performance, when the surplus doubled to $13.1bn, is highly unlikely to be repeated. Officials agree that 1984 was an atypical year, for all sorts of reasons, such as the strength of the U.S. recovery, an orange juice export boom and the coming on stream of new offshore oil wells.

The Government is thus forecasting an $11.5bn or $12bn trade surplus in 1985, based on imports of $14.5bn—marginally up on 1984—and exports of $26bn to $26.5bn, slightly down on last year's record. Most private forecasters are less sanguine, believing that a surplus of $10.5bn or $11bn is more likely.

Based on the lower figure, the current account deficit is expected to be around $2bn while the balance of payments could show a hole of about the same size instead of the planned small surplus.

What is particularly hurting Brazilian exports this year is the strength of the U.S. dollar, to which the cruzeiro is linked. Apart from reducing the competitiveness of Brazilian goods in many markets, it has had the effect of depressing commodity prices, on which Brazil is still dependent for a third of its foreign earnings.

Combine the strong dollar with the withdrawal of a valuable export tax break and the holding up by the Government of subsidised export finance, as part of its drive to control the money supply, and it is easy to see why Brazilian exporters are not so happy this year.

On the import side of the equation, the slide in oil prices continues to give the country valuable relief. But this is counterbalanced by the restocking taking place by industry, to fuel an industrial performance which has been remarkably strong in the face of all the uncertainties of recent months.

In the first quarter, industrial output was up by 9.5 per cent compared with the same period last year. Measured over a 12-month period to March, it showed a healthy growth of 8 per cent, the strongest since 1979, prior to the severe recession of the early 1980s.

Industry, however, takes second place to agriculture in the calculations of the New Republic. Farm exports are pounding along strongly—output grew by 4.3 per cent in 1984—but the Government has said it intends to restore the tilted balance between domestic food crops and export commodities.

Whether this rate of growth can be maintained is an open question. Much is due to import substitution and recent improvements in disposable income levels.

Where there is no doubt is about the dynamism of the economy: nor about the fact that a once-and-for-all shift has taken place on the trade balance, giving the country the theoretical ability to service the foreign debt—if it should choose to apply the resources to that end. The rest is politics.

Men and Matters

New man at Texas tiller

While Jerry J. Junkins was mulling over his new job as president of Texas Instruments, the Dallas-based chip and computer maker, the man he abruptly replaced, J. Fred Bucy, was reportedly sailing his new yacht in the warm waters of the Gulf of Mexico.

Bucy, 56, was said to have resigned "to pursue other interests." And Junkins, 47, must be hoping against all odds for pleasant winds and a smooth passage in his new post. Taking the tiller at TI could prove a challenging task, even for a 26-year veteran of the company working next to its 62-year-old chairman, Mark Shepherd.

Like other senior TI executives, Junkins has kept a low profile to date. As Wall Street analysts noted yesterday, his brief biography reads like most others' at the company which has suffered over the past two years from a succession of problems.

An electrical engineer by training, Junkins joined TI in 1959 and spent most of his early career in the Government electronics division, managing projects such as radar production.

He became manager of that division in 1975, and has climbed quickly since then. He became an executive vice-president in 1982 and, signalling his designation as a possible future president, became a TI director last year.

Wall Street has welcomed his further promotion, seeing him as an articulate and hard-working manager whose background in the government electronics and computer divisions should help him unravel some of the problems which have recently led to staff lay-offs and an abysmal slide in first quarter profits.

"Here's an interesting proposal—a personal trike which is propelled by a rear fan"

Low bid

Next week the Investors Chronicle celebrates 125 years of publication.

To mark that occasion the paper has offered all its pre-1900 advertisers who may be in business today a full page at 1900 advertising rates—at £1 10s 6d a page, to be precise.

So far the IC has found only one taker—Bonhams, the auctioneer. Before a bargain could be clinched, however, problems arose.

Dealing in the old money is difficult in 1985. The Bank of England will not release any sixpences, and back in 1900 there were no 10 shilling notes—they were a side-effect of the First World War.

Bonhams has had to borrow siutable original currency from Spink, the coin expert, in sovereigns and half-sovereigns. And Spink wants it back.

To make sure the advertisement was well and truly paid for, Bonhams decided to hand over the modern equivalent—£1 50½p—until it was realised that there is no halfpenny these days.

So the IC has bravely made a double discount. It has charged Bonhams £1 10s for the page—a discount of ½d on the 1900 rate, and a great deal more of a saving on the 1985 rate which runs at £1,500 a page plus VAT.

Departure time

Charles Stuart, Brymon Airways' chairman and chief executive, is an enthusiast for short-takeoff aircraft — but I erred in suggesting in my note about him last week that he had made "a somewhat abrupt departure" from his previous post as head of industry affairs for British Airways.

Stuart, to put the record straight, left BA in October, 1983, by choice, and on terms agreed six months earlier, to found a family farm. He agreed to take on his post at Brymon shortly afterwards.

Constancy

A genial Chancellor Kohl and a noticeably more relaxed President Mitterrand embarked in the good ship Stadt Konstanz for a trip across Lake Constance yesterday.

Such nautical expeditions have a proven use in Franco-German diplomacy—their predecessors of 60 years ago, Gustav Stresemann and Aristide Briand, are said to have spent a similar trip on Lake Locarno thrashing out the Locarno Pact which sealed a kind of reconciliation between the two countries after World War 1.

It is doubtful, to put it mildly, whether the present differences between Paris and Bonn on such elusive techno-political issues as the U.S. Strategic Defence Initiative could be settled in the mere hour it took from the hotel where they lunched to their destination of Birnau, on the German northern shore

Still, it was a relaxing way to end one of the more unusually-located Franco-German encounters of recent times—even if Konstanz, as its mayor told Mitterrand, has a notable record in conferences of various kinds.

Back in 1414, the city witnessed the only Papal conclave ever held north of the Alps. The Insel Hotel, where Chancellor and President had earlier conferred, was founded as a Dominican monastery in the 13th century. Count Ferdinand Zeppelin, of airship fame, was born in it in 1838; in September, 1935, Hitler held a dinner there for foreign ambassadors. Ten years later, it served as a headquarters for the French occupying forces.

Declared risk

The traditional wit of the nuclear community is alive and well, I can report.

Scientists at Los Alamos, the U.S. nuclear research centre, which developed the world's first nuclear weapon, have given a present to Peter "Alphabet" Jones, director of Aldermaston, Britain's Atomic Weapons Research Establishment.

It is a scale model of the very first nuclear device, called Trinity, exploded at Alamogordo in New Mexico 40 years ago.

The American scientists accompanied their gift (which is not much bigger than a football) with some advice on how Jones might have fun at the expense of the British Customs. While entertaining him in America they enacted a sketch for the shy Welsh physicist's benefit.

The first scene had him bringing the "bomb" back into Heathrow in his personal luggage. When asked what it was Jones would say laconically, "An A-bomb."

When asked who he thought he was he would say, "The director of Aldermaston."

The model has now reached British soil—although Jones is suitably discreet about how it was imported—and stands in a glass case in his hq at Aldermaston.

Observer

Britain's forests

An industry comes out of the woods

By Andrew Gowers

IN MORE WAYS than one, *Britain's young forests*—the fruit of decades of investment by Government and the *focus* of increasing interest from the private sector—are beginning to stand tall.

All of a sudden, the home-grown timber *industry is* displaying a confidence which it has not felt able to show for years.

Production from forests planted in a great surge of activity after World War Two *is on a rapidly rising curve.* Processing outlets for softwood are springing up or expanding all over the country.

Private timber growers are moving in to plant *wherever* they can get hold of land. And the Forestry Commission, the official body set up in 1919 to regulate timber growing and undertake a planned major expansion in British forestry, has *emerged from a period* of Government-inspired uncertainty with a new spring in its step.

Although Britain will probably always be *heavily* dependent on timber imports—last year, imports of timber and timber products cost nearly £4.5bn—the new-found confidence is a far cry from the dark days of the late 1970s and early 1980s.

At that time, markets for *most* types of timber had in any case been hit by recession. But the problem was drastically compounded by the closure of *four* British pulp and board mills—the Wiggins Teape pulp mill at Fort William, Bowater's *pulp and newsprint plants* at Ellesmere Port and Sittingbourne and the St Anne's board mill at Bristol—between 1980 and 1982.

As if the closure of vital sales outlets was not enough of a *problem—private growers* and the Forestry Commission scrambled to export wood to, of all places, timber-rich Scandinavia—the foresters had their own management and investment difficulties to contend with.

Confidence, already shaken by *the introduction of capital transfer* tax in 1972, was further denied by the decline in demand for timber. This helped to curtail the rash of planting activity which private growers undertook in the 1960s, although timber plantations provided (and continue to provide) substantial *tax breaks for investors.*

At the same time, the Forestry Commission was *dazed* and disorientated by the sudden change in forestry policy in 1980, following the advent of Mrs Thatcher's Government. Henceforth, the Government said, greater amphasis was to be placed on planting by the private sector, and the Commis*sion was to be forced to reduce* its call on public funds by selling off some of its land.

For a while at least, the 1980 statement appeared to call into question the whole future of Government involvement in forestry. Subsequent moves to boost the Commission's earnings from forest sales only served to *intensify speculation* of this sort.

But several developments recently have combined to banish the gloom.

● Far from bewailing the Government's forest disposal programme, the Forestry Commission—newly slim and fit after a thorough management shake-up—has happily come to *terms with it. Last November,* Mr George Younger, the Scottish Secretary, announced that a new target of £100m was to be raised by the privatisation of woodlands by March 1989.

Although this amounted to an increase in net forest sales under the disposal scheme, it *also* expanded *its time-span,* enabling the Forestry Commission to plan all its disposals to fit in with a much-needed rationalisation of its land holdings.

● More importantly, production from the post-war coniferous forests, which take approxi*mately 50 years from planting* to reach economic maturity, is really beginning to take off.

● Demand for British timber, *too, has been steadily increasing* over the past couple of years —particularly demand for sawlogs, produced from mature trees, which increased by some 6 per cent in 1983.

● The anticipated surge in output has not escaped the notice of the processing industry, which has rushed to take advantage of the "new" pool *of timber.*

The youth of Britain's conifer plantations, and the fact that they are not all committed to buyers—unlike the mature forests of continental Europe—has served in the past two years as a key attraction for timber industries.

In Britain's mild, wet climate, trees *also grow much* faster than in Scandinavia—which *makes* them somewhat short on quality for use in items like furniture, but long on volume.

"The UK is Europe's last frontier for wood supplies," *said a Forestry Commission* official. Essentially, that means Scotland since *most* of the wood in England and Wales has already been tied up in purchasing contracts.

To cope with the increased supplies, several existing particle board and pulp manufacturers *have* been expanding production, or are planning *important* investments in coming months. They include Kronospan, the private Austrian-owned chipboard maker at Chirk in North Wales, Unilever's Thames Board mill at Workington, and the Hexham chipboard plant belonging to Egger, another Austrian company.

But by far the most important developments are at Shotton in Wales and at Dalcross, near Invereness in Scotland, where production tests are underway this month on a *£135m thermomechanical pulp* and newsprint plant and a £12m structure-board factory respectively.

The Shotton mill, set up by United Paper Mills of Finland, will eventually produce some 200,000 tonnes a year of newsprint and use more than 400,000 tonnes of British timber. Among generous Government incentives *for the plant is a formula link*ing the price it has to pay for Forestry Commission wood with the price of newsprint.

According to Mr Francis Davis, managing director of Shotton Paper's sales company, UPM was attracted by large markets for quality newsprint in nearby Manchester and in *London,* as well as by the rising availability of British timber *at competitive prices.*

At Dalcross, meanwhile, a new company named Highland Forest Products has set up Europe's first factory to make orientated strand-board—a less expensive substitute for plywood, *which has already made* big inroads into the building market.

These new or expanding mills could, according to timber industry estimates, eventually increase demand for British small roundwood by upwards of 800,000 tonnes—more than com*pensating for the processing in*dustry's rapid contraction in the early 1980s.

There are, of course, bounds to the expansion of the British forestry products industry. Britain's wooded area has risen dramatically in the *last few* decades—from only 4 per cent *of total land area 60 years ago* to 10 per cent now.

But it is still pitifully small by European standards:

The most obvious limit in an overcrowded country like Britain is the availability of land. Annual new *planting*—at 25,000 hectares last year—continues to fall seriously short of the unofficial target of 30,000 hectares.

The timber processing industry is naturally constrained by supply—and some processing companies are already expressing concern about *the* below-target level of planting.

Three years ago, a body called the Scottish Forest Products Development Group was set up on the recommendation of management cnsultants Arthur D. Little to try and attract wood-based industries to Scotland.

The Dalcross mill is one fruit of that. But there is now a hum of expectation about the possibility that another big pulp company might also be induced to set up north of the border.

Opinions in the industry are sharply divided. "I'll bet you that within two years there'll be a major new pulp mill in Scotland," says the ebullient Mr Ronnie Williams of Timber *Growers UK, which represents* some 3,000 private woodland *owners.*

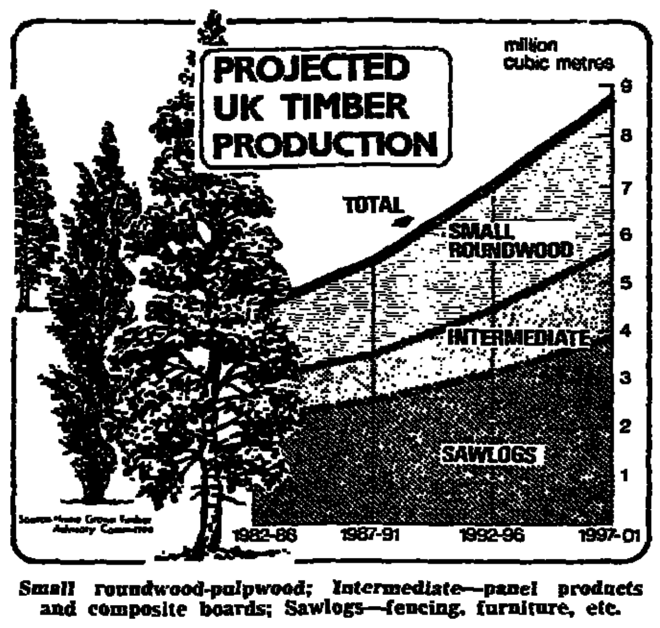
Not so, says a manager of a *wood processing company south* of the border. "We have listened to all the views on a possible pulp mill in Scotland, and we rate its chances as very low. The costs of distribution and of infrastructure would be much *higher than in the south, and* it would be very difficult to recruit labour and management prepared to live in the middle of nowhere."

Investor confidence in forest industries in Scotland is still shaky, following the failure of Wiggins Teape's pulp mill at Fort William.

There is no denying, however, that a more commercial spirit has entered Britain's *forest products industry* in the past few years—and seems to be here to stay.

As the Forestry Commission heads for the day when it will break even and as the young private forests mature, competition with the private sector for sales is bound to increase. Who knows, *if* privatisation is still in fashion towards the end *of the century,* a profitable Commission may one day attract the eye of the Treasury.

Additional research by Mark Meredith, Scottish Correspondent.



Small roundwood-pulpwood; Intermediate—panel products and composite boards; Sawlogs—fencing, furniture, etc.

UK unemployment

Economic capacity is the key to jobs

By Sir James Ball

CONCERN FOR unemployment and the unemployed is no-one's prerogative. It is widely held in all political parties and among people of different economic persuasions. Recent contributions to economic debate seem however to suggest that there are obvious solutions to the general unemployment problem, implying almost that those who do *not* advocate them are guilty of wilful neglect and lack of compassion. It has also been suggested that the course of events has undermined the intellectual credibility of the Government's Medium Term *Financial* Strategy (some believe it never had one anyway!), since unemployment has failed to fall as output has recovered.

The overall level of output in the UK reached its trough in mid-1981. Since then (interrupted by the miners' strike) it has grown steadily. On the basis *of consensus forecasts,* in 1985 it will be 11.6 per cent above the trough and 6.5 per cent above the *last* peak of 1979. This compares with a figure of 11.9 per cent after the four years following the trough of *1975 and 8.6 per cent* growth between the peak years 1973 and 1979. The behaviours of overall output has not been dramatically different over this cycle compared with the last. What is different is that the *recovery in output* has come *without* a major policy stimulus to demand.

The key issue therefore is not the overall level of demand and output, but the shift in the relationship between output and employment. This reflects two factors. The first is the rapid *increase in the growth* of manufacturing productivity brought *about by the cost pressures* of 1979180. The second is the change in the composition of output. Although manufacturing output has increased in line with total output since mid-1981, in 1985 it is expected to be 5 *per cent below* the peak of 1979. North Sea oil has played a *role* in the crowding out process that has rendered a significant part of UK manufacturing industry uneconomic and obsolete.

The shif in the relationship between output and employment to fall as output has risen has nothing to do with the credibility of "monetarism" or the Medium Term Financial Strategy. Unfortunately a major proportion of unemployment *is* of a macro-structural nature rather than cyclical. Insofar as that is the case, it focusses on the central empirical question that ought to be at stake, namely the ability of the econ*omy to respond* to a fiscal or monetary stimulus and what the economic level of capacity actually is. This is not a question to which thas answer depends *either on ideology or any par*ticular economic theory. It is (or should be) at the heart of the debate between those who believ in som form or rflation and those who believe that the risks of renewed inflation and *throwing away* what has been achieved are high.

There is plenty of anecdotal evidence that over the recession

The central empirical question that ought to be at stake

much capacity has been lost. Moreover, it is evident that governments have historically over-estimated the supply responsiveness of the economy. The CBI's current survey sug*gests* that the percentage of firms operating below capacity is now at a point last seen in 1979. My colleague, Bill Robinson, has attempted to estimate the size of the economic capital stock as compared with the actual stock at the end of 1983, the last date for which we have *reliable employment* figures. Some £15bn of capital may have become unemonomic and scrapped since 1979, since when 1.6m jobs have disappeared, his figures suggest. No moderate demand stimulus seems likely to bring forth a rate of investment necessary to generate the *capacity to replace* these lost jobs in the immediate future. If that is so, any reflation that lokos worthwhile will run the severe risk of rekindling the rate of inflation without materially improving the unemployment position.

Some commentators have suggested that a large fiscal deficit does not seem to have done the U.S. any harm, and both the UK and Europe in general should follow the American example. This is to misunderstand the nature of employment in the U.S. and the anatomy of America's economic recovery. Firstly, unemployment in the U.S. has fallen because it has been of *an essentially cyclical nature.* Unlike the UK and Europe, real wages in the U.S. fell during the recession. With more flexible labour markets there was no problem of unit labour costs. Secondly, the U.S. has been able *to reconcile low in*flation, a strong dollar and a loose fiscal policy because of the penchant of the rest of the world to acquire U.S. assets.

U.S. growth has been financed out of the rest of the world's savings. By definition, such a policy is not open to *the rest of the world.*

The real lesson to be learned *from America is that flexible* labour markets and moderation in real wage growth produce jobs.

Any *significant* (and worthwhile) relaxation of fiscal and monetary policy in the UK must take account of both the domestic elasticity of supply and the financial consequences in world markets. The case for more *public investment* as alternatives to tax cutting, as advocated by many recently, should be judged on its merits—within the framework of a financial strategy that is at least consistent with preventing inflation from accelerating *is not falling* much further. From a social *point of view,* it is a pity that discussion of public investment has become so muddled up with the issue of demand in the short term.

The choice is not simply between reflation or a world of tax generated incentives, and wider share ownership. Insofar as *unemployment has been sub*stantially due to the inappropriate pricing of labour, it is surely in the reduction of labour costs and the direct encouragement to employ that any available resources should be concentrated—something more radical than mending the sewers or creating a new generation of small shareholders!

The author is Professor of Economics at the London Business School and chairman of Legal and General Group.

Letters to the Editor

Hot and cold on SERPS

From the General Secretary of the General Municipal Boilermakers and Allied Trade Unions

Sir,—Your editorial column seems to be blowing hot and cold on the question of abolishing SERPS.

On May 18 you were dismissing the myth of funding quite robustly, and apparently leaning towards support for a pay-as-you-go earnings-related pensions system. You at least seemed to have successfully *demolished* the widely-held belief that funding somehow makes a reasonable level of pension provision more affordable.

Then on May 21 you presented the arguments of Professor Benjamin's report with little criticism although they *appear highly dubious.*

As you pointed out in your editorial on May 18 a real difficulty with pensions only arises if the resources available in society are inadequate to meet the promises made to pensioners. *Money purchase* systems which effectively avoid making any promises make pensioners pay the price in this situation. This position is logical in itself though inconsistent with the generally accepted *belief* that there *is* a public interest in securing an adequate level *of pensions.*

Professor Benjamin, however, apparently attempts to square the circle by saying that money purchase schemes can make firm guarantees through the use of index-linked stocks. *The point is, of course,* that in a situation where a government would find its obligations to pensioners intolerable it would find its obligations to the holders of index-linked stock equally intolerable.

It *seems* clear that if we will be able to afford to provide reasonable pensions through funded occupational schemes, whether money-purchase or defined-benefit types, then there is no reason why we should not be equally well able to do so through a pay-as-you-go State *scheme. Professor Benjamin's* belief that for pensioners to rely on Government repayments on index-linked gilts is somehow more secure than their relying on a guaranteed index-linked State pension seems absurd.

A State pension scheme can be just as affordable as a system of private schemes, and has considerable advantages such as efficiency and fairness. The "worst-case" assumptions about low or *negative levels* of economic growth and *exploding populations of pen*sioners which are constantly invoked to cast doubt on the viability of the State pension scheme would have equally destructive effects on any other attempt to secure adequacy of *income in old age.*

David Basnett.
Thorne House, Ruxley Ridge, Claygate, Esher, Surrey.

Seats for the Alliance

From the Vice-Chairman, Liberal Party Standing Committee

Sir,—Your political editor (May 16), in commenting on recent opinion polls, repeats the assumption that the Alliance would "win large numbers of *Conservative seats at a* general election." I note that this idea has gained very wide currency in the political world, but it is not entirely accurate.

It is of course predictable that the Alliance will gain substantially more Conservative-held than Labour-held seats at the next election if the polls carry it through the barriers of *our electoral system.* There are, after all, nearly twice as many Conservative-held seats to win in the current Parliament as there are Labour seats. A close look at the situation on the ground however demonstrates that the Alliance is likely to win a number of seats *off Labour as soon as it passes* the 30 per cent level. In West Yorkshire alone, where the Liberals have already gained two seats from Labour, there are a further three or four seats which the Liberals would capture from Labour at that point on the basis of the 1983 *results and local campaigning* since then. Our Social Democrat allies have their own similar list of promising Labour-held seats.

The most likely outcome of a General Election held on the basis of the current balance among the parties is that the pattern of voting would reflect local strengths and local per*sonalities far more than in* past General Elections, that the Alli*ance would* win a *considerable* number of seats from the Conservatives, and that Labour would both gain seats from the Conservatives and lose seats to the Alliance. The precise numerical outcome in terms of *seats in the House of* Commons would then depend very much on local factors and the peculiarities of our electoral system.

The idea that the Alliance will capture only Conservative seats, while Labour sailed through, is however nonsensical. A rapid glance at the county council election results demonstrates that, and a closer look at the situation within the metropoli*tan councils, which did* not vote this time, will clearly demonstrate that we are as much a threat to Labour as we are to the Conservatives.

William Wallace,
49, St. James's Drive, SW17.

Lord Kaldor and Keynes

From the chairman of the National Federation Self-Employed and Small Businesses

Sir,—Perhaps Lord Kaldor should refresh his memory *regarding real wages and* employment (May 21).

It was Keynes himself who wrote (in his "General Theory"): "With a given organisation, equipment and technique, real wages and the volume of output (and hence of employment) are uniquely *correlated so that, in general,* an increase in employment can only decline to the accompaniment of a decline in the rate of real wages. Thus I am not disputing this vital fact which the economists have rightly asserted as *indefeasible.*"

In the truly *small,* small business sector (where the brunt of the Wages Councils' effects fall) there is a simple choice—if there is insufficient money generated in the business to pay the *wages set then either* a full-time job goes or the hours are reduced in favour of a part-timer.

One has only to look around to see that this has been happening over the past few years. Perhaps Lord Kaldor *should* descend from academe to the real world of small businesses!

Bernard Juby.
c/o 1 Wash Lane, Yardley.

Legislation on latent defects in buildings

From the Editor-in-Chief Construction Law Digest

Sir,—The letter from Raymond Cecil (May 14) about latent defects in buildings was published on *the day when the* radio reported that a Wiltshire village hall built only eleven years ago was to be demolished as totally defective but that there would be no action against the architect or contractors *since the trustees* had been advised (wrongly I believe) that as a result of the decision of the House of Lords in *Pirelli v Oscar Faber* they were statute barred under the Limitation Act. The Royal Institute of British Architects proposals would make it even more difficult to obtain redress.

The present confusion in the law is due to the fact that the House of Lords' judicial committee has, without acknow*ledging it, reversed a previous* decision of the same House.

In *Sparham-Souter & Ano v Town & Country Developments (Essex) Ltd* the Court of Appeal held that time under *the Limitation Act* began to run when the plaintiff discovers the damage or ought with reasonable diligence to have discovered it. Lord Justice Geoffrey Lane gave convincing and logical reasons why that was so in law.

This decision of 1976 was accepted and applies in all courts and was expressly approved in *Anns v London Borough of Merton* by the House of Lords.

For some reason or aonther, however, the House of Lords in *Pirelli v Oscar Faber,* in what has all the appearance of being a contrived case since the plaintiffs *admitted* that damage had occurred outside the limitation period and the parties had made an agreement as to costs, without expressly doing so, over-ruled its own previous judgment.

All the law lords in *Pirelli* thought that the judgment they were delivering was grossly unjust but believed (quite incorrectly) they were bound by previous decisions of their House. *The Irish High Court,* which normally regards itself as bound by decisions of the House of Lords, has refused to follow it for reasons admirably expressed, if I may say with respect, by Miss Justice Carroll in *Brian Morgan v Park Developments Ltd.* The New Zealand High Court and Court of Appeal have also rejected it, in that they are allowing action for the damage which occurred with the six years preceding *the writ.*

There is no need for any further legislation. All that is necessary is for the House of Lords to repudiate the manifest errors it made in *Pirelli.*

It must be violation of the Charter of Human Rights that *any man should be deprived of* his cause of action before he knows that he has one.

If the law has to be altered by statute, why should there not be one law for the whole of the United Kingdom by adopting that contained in the Prescription and Limitation *(Scotland) Act 1973: namely* in both contract and tort the cause of action accrues five years from the time when the pursuer or plaintiff knows he has a right, with a long stop period of 20 years from the date of the wrongful act or breach of contract?

John Parris.
P.O. Box 280,
London WC1.

FINANCIAL TIMES

Wednesday May 29 1985

EEC farm ministers call for reform of CAP

By Ivo Dawnay in Siena

EEC FARM ministers yesterday exhibited a rare public display of harmony by accepting that the crisis facing the Common Agricultural Policy (CAP) demands a wide-ranging review of its methods and priorities to ensure its survival.

But behind the goodwill and common purpose, the ministers and the European Commission expressed widely diverging views as to what should be the first objective of reform.

The informal ministers' meeting in Italy also takes place against a vivid and typical example of the conflict between the economic objective of cutting costly surpluses and the political need to maintain farm incomes.

Undiscussed throughout the expression of goodwill was West Germany's continued refusal to sanction even a symbolic 1.8 per-cent cut in cereal prices this year, despite a Community surplus of unsold grain nearing 20m tonnes.

That issue remains to be debated next month. But yesterday the crucial divisions over cereals policy emerged only in general terms.

The Commission's new discussion document tabled yesterday, again reiterates "the urgent need" to balance supply and demand by reducing the prices guaranteed to farmers for their products towards world market levels.

In the document, Mr Frans Andriessen, the *Farm Commissioner*, warned that failure to accept price restraint would force the Community sooner or later to adopt highly unpopular quotas on output similar to the milk levy imposed last year.

And even before the debate, an introductory provision paper by Sig Filippo Pandolfi, the Italian chairman, warned that efforts to impose the budgetary ceiling on farm spending might fail. "It may be foreseen that the financial requirements of the CAP will increase," he said.

Herr Ignaz Kiechle, the West German Farm Minister, warned, however, that the Community's priority should remain to defend small family farmers. In marked contrast, M. Henri Lallet, the French Agriculture Minister, insisted that the key objectives for reform should include plans to expand the Community's agricultural production and exports, if necessary through price reductions.

The Commission now plans to produce a formal Green Paper (discussion document) for future strategy by the end of June, which will re-emerge after consultation as a policy document in the autumn. This is intended to form the basis for ministerial action at the Community's spring price-fixing negotiations next year.

Some clues as to the course the Commission favours appeared in Mr Andriessen's paper yesterday. These include:

- Strict and prolonged implementation of price cuts and guaranteed thresholds, enforcing punitive price reductions where output ceilings are exceeded.
- The possibility of a substantial increase in compensatory income aids to the Community's smallest farmers to offset the effects of price cuts;
- A fresh look at trade mechanisms to allow EEC exporters the use of export credits, long-term supply agreements and links between commercial exports and food aid, along lines of policies used by other countries such as the U.S. A parallel liberalisation of agricultural imports into the EEC may also be necessary;
- Studies of alternative farm products for development, the alternative uses of surpluses such as biotechnology and bioethanol production, and means of increasing demand;
- Specific analyses of the problems in the cereal sector and environmental questions.

Commodities, Page 44

Alfa Romeo and GM in joint venture talks

BY ALAN FRIEDMAN IN MILAN

ALFA ROMEO, the loss-making Italian car maker which is part of the IRI state holding group, is in talks with General Motors over prospects for a joint venture with GM's Pontiac car division.

Although IRI has denied in recent weeks reports that Alfa Romeo would be sold to a foreign concern, an official from the Milan-based Alfa Romeo said yesterday that it was possible that GM might take a small stake in Alfa, and might even seek a seat on the board of directors.

He said the negotiations, which began three months ago, were likely to be concluded by the end of July.

The Alfa-GM talks are understood to concern various options, including the idea of Alfa making engines in large volume to be installed in Pontiac cars in the U.S. market. Another option would be the production in Italy of a special model to be sold by GM in the U.S. The maximum form of co-operation would involve joint production of a new car.

Alfa Romeo last year more than trebled losses from the previous year to L97.8bn ($49.4m). The car company, which has seven models, has manufacturing capacity for 400,000 cars a year. Last year it produced 195,700 cars.

While Alfa last year employed 38,816 people, only 23,000 were employed in car production. At least 6,000 Alfa workers have been laid off on long-term.

An Alfa official said that these factors made it imperative "that we find an outside partner and use our spare capacity." The official said: "We need to make use of our extra capacity and we are open to an international solution." He added that because of the strength of the Communist Party inside Alfa's trade unions it would be "politically impossible" to consider shutting Alfa factories.

Alfa at present has a joint venture with Nissan of Japan under which the two companies produce the Alfa-Arna-Model. It is thought unlikely that Nissan would be interested in a new full-scale joint venture. Instead, Nissan is said to be interested in expanding its existing arrangements.

Although Mr Lee Iacocca, president of Chrysler, confirmed recently that his company had held a series of talks with Alfa during the past two years, he indicated that he was not interested in taking on what he considered would be a five-year task of reviving Alfa's fortunes. Some form of collaboration with Chrysler is not ruled out, but Alfa indicated yesterday that the principal negotiation underway at present was with General Motors.

Ford to market Japanese-built vans through European outlets

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

FORD is to bring built-up vehicles into Europe from Japan for the first time later this year.

In September it will launch light vans built by its 25-per-cent-owned associate, Mazda, but with Ford badges, through its car dealer networks in Denmark, Norway and West Germany.

The company says it expects to sell about 5,000 of the so-called Econovan vehicles in Europe in a full year.

The vans might also be introduced in Finland shortly and Ford is looking at other European markets where the potential volume, prices charged for rival products and exchange rates would make imports viable.

Econovan models will fill the gap between Ford's car-based vans, the Fiesta and Escort, and the medium-sized Transit. Three versions will be offered – van, combi or minibus – at first with petrol engines but later with diesels too.

Ford said the market for vans of the Econovan type – it is small in size but has a relatively large payload of 800 kg – jumped from under 10,000 in Europe in 1980 to 35,000 by 1983. The sector is dominated by Japanese products such as the Toyota Lite-Ace and the Nissan Vanette.

The volumes involved make the sector impossible to ignore and yet not large anough to make European production worthwhile, Ford says.

The Ford-badged vans will be different from those sold by Mazda itself, but only in minor details. The Japanese company has been supplying the Econovan to Ford for some time for sale through its dealers in Japan, Australia, New Zealand, Malaysia and Cyprus.

So far Ford has shied away from bringing into Europe vehicles from Japan. Mazda builds Escort-sized cars called the Laser for the Ford network in the Far East and Australia and it is known Ford considered bringing them in to some European markets where prices are very low.

It opted instead to supply some Scandinavian markets with Escorts from its Brazilian subsidiary.

To fill a gap in Ford's commercial vehicle range in the UK, the company imports the P100 pick-up truck from its South African offshoot.

Ford's arch-rival, General Motors, is selling Japanese pick-ups in Britain as the Bedford KB and also distributes light commercial vehicles from its 34-per-cent-owned associate, Isuzu, in continental European markets.

The Japanese share of Western Europe's light van market has jumped from 19,000 units or 5.4 per cent in 1980 to 48,000 or 11.5 per cent last year. Penetration of the medium van sector has been even more dramatic, moving up from 78,500 and 11.8 per cent in 1980 to 135,800 and 21.3 per cent last year.

Most of the medium-sector inroads in Europe have been at the expense of Volkswagen

Top SE Banken capital markets staff resign

BY KEVIN DONE IN STOCKHOLM

SKANDINAVISKA Enskilda Banken, Sweden's leading bank, has been hit by the surprise resignation of nine of its 100-strong money and capital markets staff including the head of department, Mr Gunnar Lundgren.

The nine-man team is due to start its own consulting company advising corporate clients on liquidity management.

Mr Lundgren has been a key executive of SE Banken, which has been trying hard to make up lost ground in the rapidly expanding Swedish money market.

Its biggest domestic rival, Svenska Handelsbanken, has made most of the running in the development of the money market which barely existed less than five years ago.

Personnel have been in short supply with the starting up of new money market brokerages.

SE Banken earlier lost several key personnel during the long stock market boom with senior dealers leaving for the higher remuneration offered by independent brokerage firms.

SE Banken's top management first heard of Mr Lundgren's impending departure on Friday. Yesterday the bank said that all nine had been asked to give up their posts "with immediate effect." No successor to Mr Lundgren has yet been appointed.

U.S. tax reform plan

Continued from Page 1

ploit in recent years. The net effect will be that the revenues lost by cuts in individual income taxes will be recovered from the corporate sector.

The details of how the White House plans to do this and the extent to which the Administration has backed away from the economic principles which underpinned the Treasury's initial reform proposals are among the most anxiously awaited elements of the tax reform package. They will help to shape the next stage of the tax reform debate which will take place in the Congress – initially in the House Ways and Means Committee which has the authority under the U.S. Constitution to initiate revenue raising bills.

Heavy industry, financial, insurance and property companies already are preparing to launch a lobbying onslaught in Congress to fend off provisions which, if approved, might cost them billions in taxes.

Administration critics and academic economists are arguing that, by already bowing to pressure from some special interest groups – the oil and gas industry for example – the White House has compromised some of the principles of fairness and tax neutrality between different sectors of the economy which underpinned intellectually the Treasury's first tax plan.

Palestinians fight on in Beirut camps

Continued from Page 1

Palestinian National Salvation Front are still refusing to contemplate handing over their weapons.

Syria has proposed a complete ceasefire, the withdrawal of Shia militiamen from the camps and Lebanese para-military police to take responsibility for security. Another element in its plan is for the mainly Druze Progressive Socialist Party, neutral in this conflict though an ally of the Amal militia, to collect the guerillas' weapons.

In Damascus Mr Walid Jumblatt, PSP leader, who has been involved in mediation efforts, told reporters that he was pessimistic on the prospects for a ceasefire. He said that there was "no movement and no positive news at all."

In West Beirut early yesterday gunmen abducted Mr David Jacobsen, administrative director of the American University Hospital, where many wounded Amal fighters have been treated over the past week. He is the sixth U.S. citizen seized since last year.

David Lennon in Tel Aviv writes: Israel intends to maintain a military presence in southern Lebanon even after the formal completion of the withdrawal of Israeli troops which is due within a week, a senior government official confirmed yesterday. But he stressed that this presence would be "very minimal."

He would not specify how many soldiers or what equipment would remain in southern Lebanon after the formal evacuation, but did emphasise that "the bulk of the army will be deployed along the international border."

Italians face vote on wages as reform hopes fade

By James Buxton in Rome

ITALY'S REFERENDUM on wage indexation, scheduled for June 9 and 10, now looks certain to go ahead, following the failure of last-minute efforts by the Government to achieve an agreement on the reform of the *scala mobile* indexation system.

Both the employers organisation, Confindustria, and the largest of the three union federations, the Communist-majority CGIL, rejected a plan put forward by Sig Gianni de Michelis, the Minister of Labour.

His plan was to modify substantially the wage indexation system in return for tax concessions for the lower-paid. It accepted this would have made the referendum irrelevant, enabling it to be called off.

The referendum is not over the reform of wage indexation. Instead Italy's 44m voters will be asked whether they want the restoration of four points which the Government removed from the index by parliamentary decree last year.

The campaign for the referendum was launched last year by the Communist Party after it failed to prevent the Government cutting the *scala mobile*. Nearly 2m signatures were collected and the constitutional court approved the referendum earlier this year.

If the majority votes for the reintegration of the missing points, the *scala mobile* index will be updated and wage earners will receive an extra L27,200 ($13) a month in their wage packets.

But wage costs will rise by between 1 and 1.5 per cent and inflation, now just under 9 per cent, will probably be boosted.

The Communist Party is urging people to vote for the restoration of the four points, as is the neo-Fascist Italian Social Movement. But the five parties of Sig Bettino Craxi's coalition Government are to mount a campaign to persuade voters to reject the referendum proposition. They will be able to point out that despite the cut in indexation last year, wage earners actually saw their wages increase in real terms while inflation fell. They will also try to portray the Communist Party as irresponsible in promoting the referendum in the first place.

The three main unions are divided. The CISL and UIL, which are connected to the parties in the Government, will urge voters to reject the referendum proposition. The CGIL, on the other hand, will campaign for a yes vote.

All three unions as well as the employers favour a major reform of the wage indexation mechanism, all being agreed on shifting the triggering of the index from three-monthly to six-monthly intervals. But in feverish meetings late last week and at the weekend they failed to agree on a common formula.

"The figures were quite close but political imperatives prevailed," said Sig de Michelis after the talks.

Yesterday Sig Giorgio Benvenuto of the Socialist-aligned UIL union accused the Communist Party of manipulating its own affiliate, the CGIL, to follow its instructions.

The Communist Party is widely thought to view the referendum as a chance to win the victory it failed to achieve in the local elections earlier this month.

Many observers believe that the majority of voters will choose to award themselves the modest pay rise the referendum offers. But in that case Confindustria has said it will cease from next year to pay *scala mobile* wage increases altogether. This would trigger off industrial unrest and put the employers in a stronger position to negotiate the reform of the *scala mobile*.

IRI issues ringing call, Page 2

Champagne crop hit by icy weather

Continued from Page 1

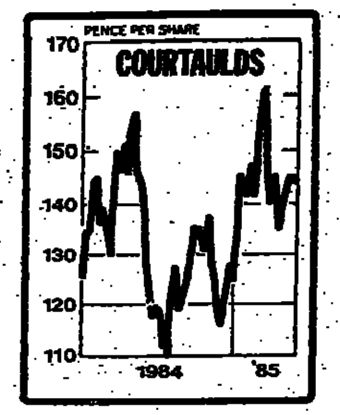
vested this year will be ready for drinking after undergoing its process of double fermentation. Champagne producers also point out that only if there were to be another bad year next year would the impact of the shortfall be strongly felt by the consumer. Two bad years in a row are extremely rare in the region.

According to an official of the Moët-Hennessy group in Epernay, the pinot noir grape variety appears to have been worst hit by the frosts this winter and in the spring. But he said it was difficult at this stage to say how small the harvest would be this year.

"It certainly will be below the average of 9,000 kg a hectare. But we can't say now whether it will be 50 per cent or 60 per cent lower."

THE LEX COLUMN

Stitches in time at Courtaulds



Courtaulds' resistance to last year's downturn in the fibre cycle – the first real test of its reinforced and slimmed down structure – has come remarkably close to bearing all the stress without showing signs of wear. Though operating profits for the year advanced by a modest 5 per cent to £134m in the year to March, the time when they would have dipped even more alarmingly than the demand for acetate yarn is only a few years in the past. At 144p the share price scarcely moved.

Though it is still necessary for Courtaulds to cut capacity in its formerly crucial product group, cellulosic fibres, the endgame stage of this process has just about arrived. Despite all the political opposition to the planned closures in Wales, the market is probably relieved that Courtaulds did not throw away its shears after the rights issue. And the ability to absorb associated write-offs – amounting to about £30m in these figures – can now be seen as one of the freedoms that the new equity was meant to provide.

Indeed, the project of making a major U.S. acquisition appears to have receded as the group has begun to find more ways of using its cash internally. Capital spending last year was well over twice the depreciation charge, and Courtaulds' confidence to reinvest within its existing business portfolio can be gauged by its willingness to tolerate a cash outflow of £30m or so. With capital gearing of less than 10 per cent – even after the purchase of an acrylic producer in Spain – it is not the balance sheet which will constrain expansion. Striking the right balance between the newly defined chemicals and textile divisions may be more of a problem for Courtaulds than deciding how much to spend.

UK banking margins

Amid the euphoria that has surrounded UK banks' issues of perpetual floating rate notes to boost their capital ratios, the few notes of caution have mainly been aimed at the investors who bought the paper. Now analysts at Quilter Goodison are suggesting that the notes are not even unmitigated cheer for the banks themselves. If the banks gear up on their new capital, the argument runs, their margins will be squeezed even more, the loans they make will be of poorer quality and the authorities will probably clamp down on bank lending to restrain money supply growth. If they do not gear up, income gearing will rise because of the increase in loan servicing costs.

The last point is rather misleading: though the interest on loan capital will rise, the capital will either replace wholesale deposits costing only marginally less or will be put on deposit itself, bringing in a stream of income almost large enough to wash its face. But this assumes that the banks do not gear up at all, and though they will not, presumably, lend up to the limit on their new capital, there must be some temptation to earn just that little bit more than they would in the interbank market.

And here Quilter is right in bemoaning the low standards of profitability. While Sweden can borrow $500m of 20-year money at 6¼ basis points under Libid – the banks' marginal cost of funds – there can be little fat left for the lenders. That is if the bank of England does not stop them lending by raising the target capital ratio first.

UK brewing

There is nothing as interesting in the UK brewing world today as the scamper for a market share in lager – a liquid to which miraculous commercial powers are ascribed. Yesterday saw Boddingtons paying a mere 28 times expected earnings for the opportunity to brew lager in the north-west; while, in another part of the market, Allied-Lyons' share price pierced the £2 level on the evidence of a better performance by its lager brands.

Regional brewers such as Boddingtons have now convinced themselves that they will be trampled to nothing by the titanic struggles of Allied, Bass and Whitbread – all of whom are churning out 40 per cent of their production in the form of lager. Whether Boddingtons is right in paying about £20m for Higsons, which may make no more this year than the £1m of 1974, is another matter; at that price, Boddingtons could as easily have built a lager brewery as good as Higsons, launched a more promising brand and still had change to improve their pubs.

The market was sceptical enough to cut Boddingtons' price by 6p, to 73p, which at least had the virtue of keeping the agreed offer below Higsons' net asset value. But even that price seems to discount all the advantages of improving capacity use by splitting ale and lager between the two breweries. There may also be benefits in doing up pubs on Merseyside but Higsons did not think so.

The question with Allied is whether it can achieve with four lagers what Bass does with two: obviously, it is no good if the successes of Castlemaine XXXX eat into Skol's mature market. On yesterday's figures for 1984–85, Allied cannot compete for profits growth with Bass or Whitbread and the property disposals look curious on the threshold of flexible licensing hours, when values might be higher. Even at 200p, Allied is the cheapest of the nationals, suggesting some doubt as to whether heavy investment and reorganisation of its brewing division will pay off before the competition discovers something else.

Prospectus records

The requirement to publish a five-year profit record on the way to obtaining a full *London* Stock Exchange listing is perhaps not as onerous – or quite as revealing – as investors might think. The principle is apparently that the profits which figure in the *prospectus* record should be all and only those strictly earned by the assets being offered for sale. Thus it is easy, and perfectly legitimate, to show a smoothly rising progression if only you sell off enough of your loss-makers before the prospectus is drawn up.

In the case of Brent Walker Holdings, this approach has led the auditors to sanction a record which gives pre-tax profits rising nicely towards £2.2m in the four years to 1984, with just under £1.1m for 1981 and another £1.1m to show for 1982, the last year before the old Brent Walker was taken private.

Those figures will come as a surprise to former shareholders who saw profits of £427,000 for 1981 and £59,000 for the first half of 1982, at which point they accepted 46p per share.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	21	70	Dubrovnik	S	25	77	Malaga	F	20	68	Salzburg	S	25	77
Akrotiri	F	24	75	Faro	S	19	66	Malta	S	27	81	Seoul	S	29	84
Algiers	F	22	72	Florence	S	28	82	Manila	S	27	81	Singapore	S	32	90
Amsterdam	F	17	63	Frankfurt	C	20	68	Miami	C	28	82	Stockholm	S	26	79
Athens	F	26	79	Funchal	C	20	68	Milan	S	27	81	Strasbourg	R	16	61
Bahrain	S	35	95	Geneva	F	18	64	Moscow	F	25	77	Sydney	S	20	68
Bangkok	S	33	91	Gibraltar	C	22	72	Munich	S	21	70	Taipei	R	29	84
Barcelona	S	21	70	Guernsey	S	12	54	Nairobi	C	21	70	Tangier	C	20	68
Beirut	S	27	81	Helsinki	S	24	75	Naples	S	26	79	Tehran	—	—	—
Belgrade	F	29	84	H. Kong	T	25	77	New Delhi	S	40	104	Tel Aviv	S	28	82
Berlin	S	27	81	Innsbruck	F	23	73	New York	C	30	86	Tenerife	—	—	—
Biarritz	C	17	63	Inverness	F	10	50	Nice	S	21	70	Tokyo	F	23	73
Blackpool	S	11	52	Istanbul	F	21	70	Oporto	S	17	63	Toronto	S	12	54
Bordeaux	F	20	68	Jersey	S	13	55	Oslo	S	21	70	Tunis	S	23	73
Brussels	F	19	66	Jo'burg	S	18	64	Paris	F	21	70	Valencia	F	22	72
Budapest	F	26	79	Las Palmas	S	17	63	Prague	S	24	75	Venice	S	25	77
B. Aires	C	20	68	Lima	S	28	88	Reykjavik	C	8	46	Vienna	S	26	79
Cairo	C	38	100	Lisbon	F	19	66	Rio de J'o	S	31	88	Warsaw	S	25	77
Cape Town	F	18	64	Locarno	F	22	72	Rome	S	25	77	Zurich	C	16	61
Caracas	C	27	81	London	F	18	64								
Casablanca	S	21	70	Los Angeles	S	23	73								
Copenhagen	F	23	73	Luxembourg	C	16	61								
Corfu	S	28	82	Madrid	F	21	70								
Dublin	F	13	55	Majorca	F	23	73								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Tokyo imports move

Continued from Page 1

dards and regulations affecting a range of goods, including medical, telecommunications and transportation equipment sold to Japan;

- A widening of Government procurement policies to boost buying of foreign goods by Japanese Government agencies and departments.

Japan has enacted an emergency import programme three times during the past 15 years, most notably in 1977–78 when some $3bn worth of Western goods were bought by Japanese companies. Many of these goods, however, were bought by Japanese companies only to be leased to a third country. This time officials are anxious all imports should be for Japan's own use.

"The next package should be more attractive to foreign firms," said a government official yesterday who acknowledged that the market-opening measures taken so far by Japan had not been enthusiastically received by most Western governments.

The foreign-currency loan programme has the backing of many officials at the Ministry for International Trade and Industry, which has come under pressure to reduce Japan's trade surplus. The Ministry of Finance, however, is taking a much more cautious approach to this suggestion.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1985.

SECTION II – COMPANIES & CAPITAL MARKETS
FINANCIAL TIMES
Wednesday May 29 1985

Gains in New York boost Eurobonds

By Maggie Urry in London

THE EURODOLLAR bond market showed another spurt yesterday in response to a further rise in the New York market. Salomon Brothers was well placed to benefit, having launched an issue for the Export Import Bank of Japan in the morning.

The 10-year deal, which is guaranteed by Japan, looked aggressively priced at launch, giving an all-in cost to the borrower of around 18 basis points below U.S. Treasury bonds.

The coupon was set at 10¼ per cent and issue price at 100¾. But by the afternoon the issue looked more reasonable, and with good demand expected from the Far East, it was trading within the 2 per cent fees. The proceeds are being swapped – probably into fixed-rate yen.

Fixed-rate Eurodollar bonds gained around ½ point yesterday in active trading, as usual lagging the firmer opening to the U.S. market. More deals are expected, though borrowers are keen to lock into the lowest possible rates.

Isetan, the Japanese department store group, launched a $20m convertible issue through Nikko Securities (Europe). The 15-year bonds have an indicated coupon of 3¼ per cent and conversion premium of around 5 per cent.

In the EuroCanadian dollar bond market, Lehman Brothers launched a C$50m issue for American Express Overseas Credit. The bonds have a five-year life with a 10¾ per cent coupon and par issue price. The terms looked realistic against domestic Canadian dollar bonds, though the breaching of the 11 per cent coupon barrier was a little tight for the Eurobond market. Traders reported some sales comfortably within the 1¾ per cent fees.

In the D-Mark Eurobond market another issue for a South African borrower was launched – this time for the Transport Services entity. Led by Deutsche Bank the DM 150m issue has an eight-year life with an 8 per cent coupon and par issue price. Dealers quoted the bonds at around a 1¼ per cent discount to the issue price.

Expected today is a DM 250m floating-rate note issue for Banque Nationale de Paris, under Deutsche Bank management.

The picture was similar in the Swiss franc foreign bond market with prices unchanged to slightly better in quiet trading. UBS launched a SwFr 100m public issue for Shikoku Electric Power. The 10-year bonds have an indicated yield of 5¾ per cent.

The European currency unit market is still receptive to new issues and Dresdner Bank, through a Dutch subsidiary, launched a Ecu 70m deal. The eight-year bonds were given a 9¼ per cent coupon and 100¼ issue price.

International bond service, Page 24; Japan eases zero-coupon rules, Euro-clear equities plan, Page 26

French utility raises £100m loan facility

By Peter Montagnon in London

ELECTRICITÉ de France has followed up its recent $750m loan facility in the Euromarkets with the launch of a £100m, five-year bankers' acceptance facility led by Morgan Grenfell.

The new facility, which is entirely unconnected with its dollar operation, is designed to refinance an earlier sterling facility arranged in 1983.

It provides for acceptances to be sold through a tender panel at a maximum commission of 15 basis points, while there is to be an underwriting fee of 5 basis points for the first two years rising to 6¼ points thereafter.

This will provide much cheaper funds than the old facility which bore a commission of 25 basis points.

● Associates Corporation of the U.S. has launched a $250m three-year revolving credit and Euronote facility with a rare additional option for the proceeds to be swapped into a range of currencies.

Led by Credit Suisse First Boston the deal envisages the establishment of one tender panel to bid for the notes and another to offer swap opportunities. This will allow Associates to convert its borrowing into currencies such as D-Marks and sterling in which Euronote offerings are not currently permitted.

The revolving credit is in two equal tranches, one bearing a fee of ⅛ per cent and interest at ⅛ point over Eurodollar rates and the other an interest margin of ⅜ point and a fee of 1/16 per cent rising to ⅛ per cent if the first tranche is drawn.

Borregaard, Kosmos suspended amid merger speculation

BY FAY GJESTER IN OSLO

THE OSLO stock exchange yesterday suspended dealings in the shares of two leading Norwegian industrial concerns, Kosmos and Borregaard, following rumours of a possible merger between them. Combined market value of the two companies is around NKr 1.57bn ($176m).

Market sources said Kosmos directors would probably submit a merger proposal to Borregaard's board today.

Kosmos, originally a shipping and whaling concern which later expanded into industrial and offshore activities, is believed to be negotiating with a group of five companies which together hold about a third of Borregaard's shares, with a view to purchasing a large part of their stakes. Before the weekend, Borregaard's shares were trading at around NKr 390.

Both companies made good profits last year and both have been involved in important takeover deals during the past half year. Kosmos acquired the Bergen Steamship Company last autumn, and Borregaard recently agreed to take over the food interests of Nora Industrier.

If the five leading Borregaard shareholders agree to co-operate with Kosmos, the proposed merger could well go through. Borregaard's 3.5m shares are spread among some 36,000 shareholders, and no other single shareholder is large enough to oppose the scheme.

Favouring a merger is the fact that Kosmos and Borregaard are involved in many of the same activities – forest products, including production of sulphite, cellulose and magazine paper, forestry (with plantations totalling around 100,000 hectares), and production of refined edible fats. Both have engineering offshoots, and both are important shareholders in Saga Petroleum.

Strikes hit SAS profit

BY DAVID BROWN IN STOCKHOLM

SAS, the Scandinavian airline, has been forced to downgrade its forecast for full-year profits as a result of labour conflicts in Denmark and Sweden which have cost the group at least SKr 385m ($40.8m).

The current fiscal year's profits will only be on the same level as the SKr 968m achieved in 1983-84, according to Mr Jan Carlson, company president.

Figures released for the first half to March 1985 – before the recent wave of strikes in Sweden – show profit before allocations and tax up by 11 per cent to SKr 156m.

The airline contributes the bulk of the group's profits and sales. Income after financial items more than doubled from SKr 71m to SKr 161m, including a SKr 55m improvement in financial income. Gross profit margins slipped, however.

Turnover grew by 11 per cent to SKr 9.05bn. Passenger traffic rose by 7 per cent on European routes, which generate the bulk of airline profit, while full-fare sales grew by 10 per cent. Of the Scandinavian countries, Sweden and Norway showed strong improvement while Denmark lagged behind.

Akzo buys Belgian paint maker

BY LAURA RAUN IN AMSTERDAM

AKZO, the Dutch chemicals group, will significantly enlarge its share of the Belgian coatings market through its acquisition of a 65 per cent stake in Levis, the largest paint company in Belgium.

Akzo plans to purchase eventually the remaining 35 per cent which belongs to Générale Bank of Belgium. The acquisition price of the initial stake was not disclosed.

Levis' product range includes paints for the construction industry, which accounts for about half of sales, as well as do-it-yourself, industrial and automotive paints.

Munich bank told to halt operations

By Our Frankfurt Correspondent

NEGOTIATIONS are underway to try to rescue Bankhaus Schneider und Münzing, a private Munich-based bank with a long tradition which has been ordered to suspend operations by West Germany's Federal Credit Supervisory Office.

The office "temporarily" prohibited the bank from selling assets and making payments, after discovering major credit risks not provided for in the annual accounts.

While no details have been announced, it is understood that the risks amount to more than half the bank's capital of DM 30m ($9.77m), which is held in full by Wainford Ltd. of London.

Wainford is a financial holding of the Chiu family of Hong Kong, which initially bought Schneider und Münzing in 1981 via another firm, the Hong Kong based Madison Securities Ltd.

The bank, whose origins go back to 1830, had a business volume at the end of March of DM 457m and customer deposits of DM 316m. The deposits are protected in large measure under the insurance scheme established by the Federal Association of German Banks.

Even before the 1981 takeover, the bank is known to have had problems with loans made to the building and shipping sectors in particular.

Zanussi losses top L125bn

By Alan Friedman in Milan

ZANUSSI, the Italian home appliance maker which was last year taken over by Electrolux of Sweden, yesterday unveiled its 1984 accounts, showing a L125.9bn ($63.6m) loss.

Total group turnover last year was L1,760bn, of which 76 per cent came from home appliance sales.

Zanussi said last night it was unable to cover some L71.6bn of the 1984 loss, despite the fact that Electrolux and the Italian consortium which together acquired the company injected L100bn of fresh capital in December.

Revamped Allianz eyes U.S. for future growth

BY JONATHAN CARR IN MUNICH

SHAREHOLDERS of Allianz, West Germany's biggest insurance company, will need to have their wits about them even more than usual at the annual meeting next month.

True, they are being offered a dividend increase of DM 11 from DM 10 per share for 1984 – the first rise since 1975 – and the prospect of further buoyant profits this year. But they are also being asked to approve one of the biggest changes in company structure in Allianz's nearly century-old history.

Could it be, shareholders may well ask themselves, that the revamped group will no longer be subject to the same strict scrutiny by federal insurance supervisory authorities? If so, what does that mean for Allianz's investment of underwriting provisions, hitherto covered by clear supervisory rules on safety, yield, marketability and spread?

Dr Wolfgang Schieren, chief executive, has now sought to remove these and other worries by giving more details of the restructuring at a press conference in Munich. The group was to be streamlined, he stressed, but it would certainly not be slipped through the supervisory net.

The present parent will be transformed into a holding company, Allianz AG Holding, and all direct insurance activities along with the corresponding assets and liabilities will be turned over to a wholly-owned subsidiary, Allianz Versicherungs-AG. This company will be provided with capital and reserves totalling DM 1.25bn ($407m), giving it a ratio of own funds to earned net premiums of more than 38 per cent – above the market average. It will also retain enough profit in future to keep to a ratio of 35 per cent, turning over the rest of its earnings to the holding.

The subsidiary, along with its DM 9.5bn worth of capital investments, will be wholly subject to federal supervision.

Allianz is likely to boost domestic non-life premium income this year by around 7 per cent to DM 8bn ($2.6bn), after a strong start in the first four months. Profits are expected to be high enough at least to allow an unchanged dividend for 1985 of DM 11 per DM 50 share. Last year net profit of the parent concern rose slightly to DM 256.2m from DM 254.9m. While profits from insurance fell, those from "general business" (mainly investment income) rose markedly. Worldwide premium income was up by 6.2 per cent to DM 16.3bn.

The holding company will be responsible not only for strategic planning and overall policy co-ordination, but also for reinsurance business for the Allianz group and associated companies. It will thus be subject to federal scrutiny because of its reinsurance activities (although this supervision is less comprehensive than that applied to direct insurance business). Dr Schieren noted with an ironic smile that if federal supervisors concluded the holding was not sound, they could forbid Allianz group companies to place their reinsurance custom there.

The key advantage of this new construction is that the holding will be much better placed to pounce quickly on a new acquisition, or fight a takeover battle (like the abortive one in 1983 for Britain's Eagle Star) than the former parent company ever was.

Not only will the holding company have more than DM 2bn in shareholders' funds available for investment but it will also be able to borrow on the capital market, an activity denied to direct insurance concerns. The holding will thus act not only as a watchdog and controller of Allianz – but also as a hunter with access to plenty of financial weaponry. The most likely area for a new acquisition is the U.S. where Allianz is looking for a company to complement its buoyant life, and modest non-life insurance operations.

Along with this broad restructuring plan, Allianz is also reorganising its foreign operations into three main areas of control.

First, the manifold activities in Europe (outside West Germany) are being placed under the overall responsibility of Herr Detlev von der Burg, who played a major role in Allianz's successful DM 1bn bid last year for the Italian group Riunione Adriatica di Sicurta (RAS).

Including RAS (in which Allianz is gradually acquiring a majority) European premium income amounts to about DM 5.5bn.

The second area is North America (with premium income currently totalling about DM 1.7bn) and the third – the rest of the world. If shareholders approve the restructuring scheme on June 27, Allianz will in future consist of five parts, two at home (non-life and life business) and three foreign ones, all seeking to maximise performance under the watchful eye of the holding company (whose executive board will be headed by Dr Schieren).

For all Dr Schieren's reassurances, it is fair to note that the increased scope Allianz is seeking to win implies greater risk too (for example by opening the door to still faster foreign expansion than has been possible so far).

That will no doubt give shareholders cause for some pause, and it means a particularly heavy responsibility for the supervisory board of the future holding. But on balance it will probably be agreed that the gains outweigh the drawbacks.

Trans World unit up for sale

By William Hall in New York

TRANS WORLD Corporation, the big U.S. food and hotel conglomerate, is seeking a buyer for Century 21 Real Estate, a subsidiary which controls one of the biggest property sales organisations in the world.

Century 21 operates a network of 6,400 franchised property offices and employs 75,000 sales associates in the U.S., Canada and Japan. Last year it handled over 500,000 deals worth more than $35bn. The company says that it has 11 per cent of the market for residential property transactions.

The company, which is considerably larger than Sears Roebuck's Coldwell Banker property sales organisation, is a nationally recognised name in the U.S. and is thought likely to be especially attractive to a financial services company which wants to gain access to more outlets. It is already selling home owners' insurance through a joint venture with Continental Corporation – the provision of mortgage financing would be a logical extension of its business.

Trans World, which spun off its airline to shareholders last year, announced yesterday that it had authorised its management to explore a possible sale of Century 21 as part of its long-range strategic plan.

Mr Edwin Smart, Trans World's chief executive, said the possible sale of Century 21 "would simplify our business mix and allow us to concentrate on opportunities in our food and lodging businesses." The company has asked First Boston, the New York investment bank, to help evaluate offers.

Trans World bought Century 21 in 1979 for $91m and is believed to want between $100m and $200m for the company, which last year earned $20m before tax on revenues of $64.1m.

Gulf Canada acquisition is a natural move for Reichmanns

BY BERNARD SIMON IN TORONTO AND ROBERT GIBBENS IN MONTREAL

OLYMPIA & York Developments, the Toronto-based group best known for its property projects in the U.S., Canada and Europe, took a big step towards becoming a force in North American natural resources when it struck a deal last week to buy 49 per cent of Gulf Canada. The agreement, with Chevron, the U.S. oil group, includes an option on the remaining 11 per cent of Chevron's shares. The acquisition is valued at over C$3bn ($2.19bn) making it one of the biggest in Canadian corporate history.

With typical reticence, the Reichmann family who control Olympia & York have so far declined to discuss their latest investment in public. They have shunned interviews since Olympia began diversifying into energy and forest products in 1981, although there are tantalising hints that they will shortly break their silence to explain their present strategy. As one Olympia adviser observes, "They don't say anything unless there's something to be said. It helps keep up the allure."

To those have followed the growth of the Reichmann empire, the Gulf purchase comes as no surprise. Mr Paul Reichmann, widely regarded as the family's chief strategist, said in 1981: "We prefer real estate and natural resource companies and 90 per cent of our investments will be in these areas."

The Reichmanns, deeply religious orthodox Jews who arrived in Canada from Austria via North Africa in the 1950s, have shown an uncanny knack for putting their money in the right place at the right time.

With the notable exception of the 1981 takeover of the paper and newsprint producer Abitibi-Price, in which the Reichmanns became involved in a bidding contest against a consortium led by Thomson Newspapers, Olympia's skill has been to find rewarding investments that others have overlooked or shown little interest in.

Company executives still recall the daring purchase of eight Manhattan office blocks in 1976 when New York was teetering on the edge of bankruptcy and the property market was in the doldrums. The buildings, with 11.5m sq ft of lettable space, were bought at one third of replacement cost. Within three years, rents had soared from around $14 per sq ft to $40.

In the case of the Gulf Canada takeover, Olympia & York also came forward at a time when no buyers were in sight. Chevron apparently believing there would be no takers, promised the Canadian Government that it would offer its stake in Gulf Canada to local investors for a restricted period in return for Ottawa eventually approving Chevron's acquisition of the Canadian company as part of its purchase last year of Gulf in the U.S. Once Olympia emerged as a serious buyer, it was difficult for Chevron to withdraw its offer.

The price Olympia has agreed to pay for Gulf Canada – between $15 and $22 per share – is well below Gulf's estimated net asset value of C$27 a share. According to an analyst at the Montreal securities firm Levesque Beaubien, Gulf is "the best positioned of the larger Canadian oil companies exploring in western Canada and on the Canadian frontiers."

The Gulf Canada purchase will bring the value of assets in the Reichmanns' portfolio to at least C$16bn. Their most visible investments remain their property holdings, consisting of around 50m sq ft of office and retail space, more than half of it in the U.S.

Later this summer Dow Jones and American Express will move into the first two towers of Olympia's huge World Financial Centre in lower Manhattan. Construction work on the 14-acre site is due to be completed in early 1987, adding another 8m sq ft of space to the group's assets.

Besides its own projects, Olympia has significant minority interests in a number of other leading North American developers, including 18 per cent of Cadillac Fairview and 38 per cent of Calgary-based Trizec. Its involvement in Trizec is one of several areas of co-operation with the Bronfman brothers, Peter and Edward, Trizec's controlling shareholders and cousins of the family that controls the Seagram liquor group.

The Reichmanns introduced the Bronfman brothers several years ago to Royal Trust, Canada's second largest trust company which is now controlled by a Bronfman subsidiary. Olympia & York retains a 12 per cent stake in Royal Trust's parent, Trilon Financial.

In the natural resources sector, Olympia has bought stakes in Hiram Walker Resources, a leading Canadian oil and gas producer and distributor, and in Brinco, an asbestos and coal group. Its 93 per cent interest in Abitibi Price will be diluted to less than 85 per cent when the forest products company completes a recently announced C$150m share issue.

The Reichmanns have also gained a reputation as bold and active short-term traders. Olympia was a member of the group formed to help Mr T. Boone Pickens fund his recent abortive bid for California oil company Unocal. Together with the Bronfmans, it also participated in a controversial bid earlier this year by a small Canadian property and financial company, Unicorp Canada, for Union Enterprises, one of Ontario's largest gas utilities.

Mr Melvin Hawkrigg, Trilon's president, believes the Gulf acquisition has by no means satisfied the Reichmanns' appetite for diversification: "It's not a culmination, because I'm sure they're not finished yet," he said.

Despite their obvious ambition, the Reichmanns have maintained an impeccable reputation for fair dealing, modesty and a quiet sense of humour. Anecdotes abound of some or all of the three brothers – Paul, Ralph and Albert – suspending negotiations on a major deal to hold an Olympia "directors' meeting" in an adjacent office or corridor, returning a few minutes later with a firm decision. One or more of them or their chief financial lieutenant, Mr Gilbert Newman, sit on the boards of most companies in which Olympia has substantial investments, incuding Trilon, Abitibi-Price and Trizec.

Although the Reichmanns support managers of Olympia subsidiaries by attending functions and accompanying guests on plant visits, they have added to their mystique by leading intensely private lives centred on their families, their religion and a circle of friends drawn mainly from other European-born orthodox Jews. The heads of some of Olympia & York's largest subsidiaries and affiliates have never been invited to a Reichmann home.

INTL. COMPANIES & FINANCE

San Paolo profits up 16.7%

BY ALAN FRIEDMAN IN MILAN

ISTITUTO Bancario San Paolo di Torino, Italy's fourth largest state bank, yesterday announced a 16.7 per cent rise in 1984 consolidated net profits, to L434bn ($217m). This profit level, which includes earnings from Banca Provinciale Lombarda, the private bank which was acquired for nearly L500bn last summer, makes San Paolo one of the largest and most profitable banks in Italy.

The group, which also includes First Los Angeles bank, Banco Lariano and the Vienna-based Bankhaus Brull und Kallmus, said its total assets at year-end were L66,281bn up by 31.7 per cent partly because of last year's acquisitions.

The San Paolo group's total deposits come to L52,288bn up 32.1 per cent, while total loan advances were up 35.6 per cent at L26,661bn.

On an operating basis, interest income last year totalled L1,607bn, up 15.1 per cent. With fee and commission income added, the operating margin came to L1,933bn, up by 21.1 per cent.

Of the group's L434bn of 1984 net income, profits from San Paolo itself accounted for L368bn an increase of 13.2 per cent. The balance came from other subsidiaries.

With last year's acquisitions added to the group, the number of employees rose to 17,332 from 11,559 at the end of 1983. The number of branches in Italy now stands at more than 600.

● Assicurazioni Generali, Italy's biggest insurance company, yesterday reported an 82.5 per cent jump in 1984 profits, to L115.2bn. The company will boost its dividend payment by 53.8 per cent to L500 a share.

Of the L115.2bn of 1984 income, L78.8bn came from life assurance business. The company said it was transferring L41.5bn of funds to a special share-acquisition reserve fund.

Generali's net capital at year end totalled L1,073.7bn, against L934.3bn in 1983. Investment income in 1984 amounted to L524.6bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for May 28.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	100¾	101¼	–	–	10.60
Amex Credit 12⅝ 88	150	106	106½	+0⅜	+0⅛	10.29
Austria Rep 13⅝ 92	100	112¼	112¾	+0⅝	+0¼	10.98
Bank of Tokyo 13⅝ 91	100	110	110½	+0⅛	+0⅛	11.29
BP Capital 11⅛ 92	150	101½	102	+0¾	+0⅞	10.72
Caisse Nat Tele 13¾ 91	100	112	112½	+0⅜	+0¼	10.88
Canada 11½ 90	500	105⅛	105⅝	+0⅝	+0⅝	10.02
Canadian Pac 12½ 99	75	106⅛	106⅝	+0⅜	+0⅛	11.55
CBS Inc 11⅜ 92	100	103½	104	+0⅛	+0⅜	10.60
Chevron U.S.A. 12¼ 89	600	104⅛	104⅝	+0⅛	–0⅛	10.89
Coca Cola 11¾ 91	100	105⅞	106⅜	+0¼	+0⅛	10.36
Denmark Kingdom 11½ 90	100	102	102½	+0½	+0⅜	10.88
Denmark Kingdom 11½ 92	100	101⅜	101⅞	+0½	+0⅝	11.13
Denmark Kingdom 13¼ 91	100	108½	109	+0½	+0⅜	11.21
Denmark 13⅞ 88 XW	100	†109¼	109¾	+1	+0¾	10.21
Denmark Kingdom 14 91	100	109⅜	109⅞	+0⅜	+0⅛	11.69
E.E.C. 11⅛ 90	100	102¼	102¾	+0¾	+0¾	10.39
E.I.B. 13 96	200	108⅞	109⅜	+0½	+0⅜	11.49
Export Dev Corp 12 89	100	105¼	105¾	+0⅛	+0⅛	10.35
Exxon Capital Corp 0 2004	1800	12⅝	13⅛	0	+0¼	11.11
Ford Motor Cred 11⅝ 95	100	99⅜	99⅞	+0⅛	+0¾	11.67
IBM Credit 10⅞ 2000	300	†101	101½	+0⅞	+0¾	10.19
IBM Credit Corp 11¾ 87	200	†105⅜	105⅞	+1	+0⅞	8.93
Indust Bk Japan 12⅞ 89	100	108¾	109¼	+0⅜	+0½	10.17
Indust Bk Japan 13⅞ 91	125	113½	114	+0⅝	+0½	10.88
Int-Am Dev Bk 12¾ 91	150	107⅛	107⅝	+0⅝	+0¼	11.05
Japan Air Lines 13⅜ 94	180	115⅛	115⅝	0	0	10.65
Kellogg Company 10⅞ 90	100	101⅞	102⅜	+0½	+0⅝	10.24
[illegible]						
BP Overzee 7 92	17	100⅛	100⅝	0	+0¼	6.92
Fed Nat Mort 6⅞ 92	50	98⅛	98⅝	0	+0⅛	7.18
[illegible]						

Average price change On day + 0⅛ on week + 0¼

DEUTSCHE MARK STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

YEN STRAIGHTS [illegible]

OTHER STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

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Belgian bank lifts dividend

By Paul Cheeseright in Brussels

KREDIETBANK, the leading Flemish financial institution in Belgium and third largest of the country's commercial banks, lifted net profits 19.7 per cent in its last financial year to BFr 2.28bn ($36.7m).

Holders of ordinary shares are receiving a net dividend of BFr 414 for the year ended in March, compared with BFr 387 for 1983-84 when dividends started to increase after being held at BFr 365 for three years.

The dividend on shares subscribed during a period of government financial incentives for capital raising is BFr 727.08 net. The previous year, holders of these shares only participated in a third of the result and received BFr 172.

But Kredietbank is also offering one bonus share for every twenty held, reflecting renewed growth. The balance sheet total rose 14.5 per cent in the last financial year.

But after holding down provisions in 1983-84, Kredietbank is now being forced to increase them by BFr 1bn to a total of BFr 5.5bn.

Reshuffle at Barclays unit in S. Africa

By Anthony Robinson in Johannesburg

BARCLAYS National Bank, the 55 per cent owned South African subsidiary of Barclays Bank of the UK, has announced a major management reshuffle designed "to enhance operating effectiveness" after a 42 per cent fall in operating profit last year.

The main change is the promotion of Mr Peter Springett, hitherto managing director of Barclays National Industrial Bank (Barnib), as head of the corporate banking group. He replaces Mr Barry Swart, who remains deputy to managing director Mr Chris Ball, but moves from corporate banking to responsibility for the retail banking network as well as the Barclaycard and Barclay trustee division and Barclays Western Bank.

Mr Viv Bartlett, formerly general manager of Barnib, takes over from Mr Springett as managing director of Barnib.

Partly as a response to the pressures on management time created by the disinvestment campaign, the bank has created a new public affairs and communications division. This will be headed by Mr Jimmy McKenzie, formerly senior general manager of the general banking group.

Mr Jon Wildman, divisional general manager for strategic planning, has been appointed a member of the executive committee of the Barclays group.

New chief for metro project in Singapore

By Chris Sherwell in Singapore

SINGAPORE'S Mass Rapid Transit Corporation, which runs the island state's vast metro project now under construction, has announced the appointment of a new project director to replace Mr Stewart Scott, who resigned earlier this year to take up a similar job in Dallas, Texas.

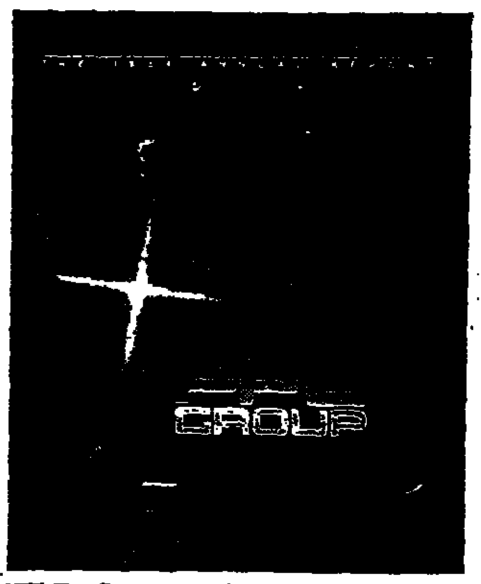
He is Mr Dennis Ballou, a retired U.S. Navy lieutenant-colonel and consulting engineer who until now has held a similar post in Atlanta, Georgia.

Klöckner-Humboldt-Deutz

Because of a processing error, an article in last Friday's edition failed to state correctly that Klöckner-Humboldt-Deutz had bought harvester facilities from Allis Chalmers. An incorrect reference to International Harvester was inserted instead. We apologise for the error.

North American Companies Investors Update 2

Part 1 was featured Tuesday, May 28th.

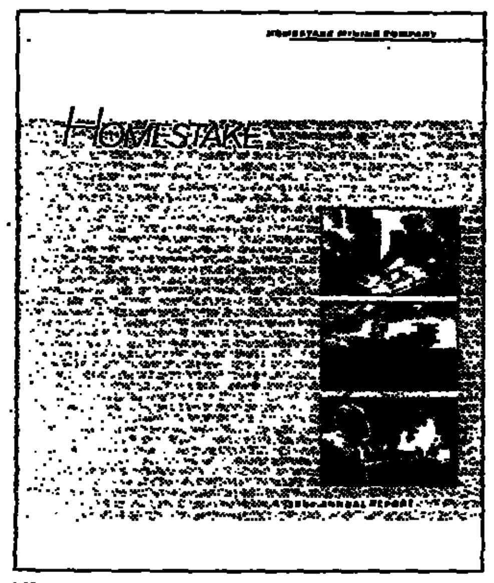


FPL Group, Inc.

FPL Group, Inc. was formed as a holding company, effective December 31, 1984, by shareholders of Florida Power & Light Company (FPL). In addition to FPL, Group has two other subsidiaries: W. Flagler Investment Corp. (WFIC) and Fuel Supply Service, Inc. (FSS).
The restructuring allows for a more clearly defined separation of utility and non-utility operations, enabling Group to separate regulated operations from its other activities. Dividends increased by 5.1% during 1984 over 1983, *continuing a 46-year tradition of increasing shareholder* dividends.

Frank B. Hall & Co. Inc.

Frank B. Hall & Co. Inc. is a leading international insurance services firm with revenues of $372,841,000 and net income from continuing operations of $7,368,000 ($.59 per share) in 1984. Revenues have more than doubled during the last 7 years. Currently the Company pays $1.00 annual dividends NYSE symbol FBH.
The Hall *report* includes an unusual look at the people, products, and services of a dynamic company in an exciting industry.

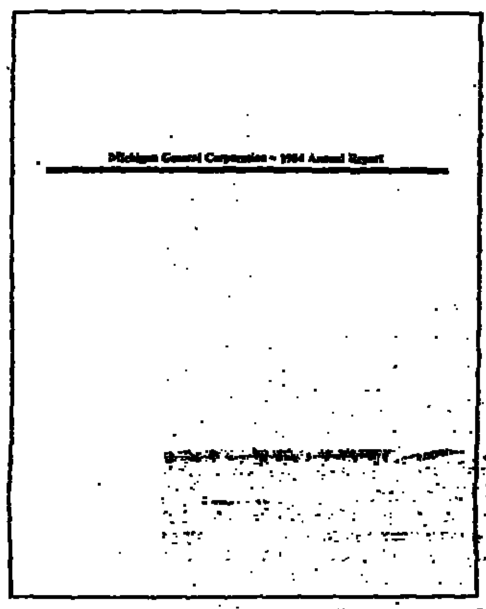


Homestake Mining Company

Homestake Mining Company is North America's largest gold producing and exploration company, with other substantial interests in energy resources and base metals. Energy operations include crude oil and natural gas exploration and production, and uranium production. In addition to gold, the company also mines silver and is a major U.S. *producer of lead and zinc.*

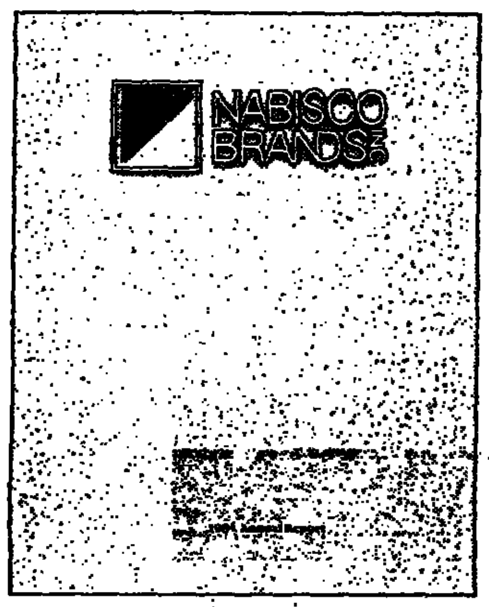
Iomega Corporation

Fast-growing Iomega Corporation manufactures and markets a family of unique disk drive subsystems that offer the high capacity and performance of rigid drives and the lower cost and portability associated with floppy media. Revenues climbed from $7.9 million in 1983, the year the Company became publicly held, to $51.6 million in 1984. First quarter *1985 revenues showed nearly a four-fold gain to $23.3 million, and net* income grew to $2.5 million from a loss of $1.4 million a year ago.
The Company recently established a resident sales force in Europe; its products are available to desk top computer users though ComputerLand Europe. Iomega's shares are traded on NASDAQ under the symbol IOMG.



Michigan General Corporation

Michigan General Corporation (American Stock Exchange: MGL) is a retailer of home building products through its 96 Diamond Lumber homebuilding supply centres, and of clothing through its Savannah Wholesale Company, which operates 105 Allied Department Stores and A's Bargain Stores. MGL has been strategically re-positioned across these two major retailing sectors: hard goods – Diamond *Lumber; and soft goods – Savannah. Diamond accounted for 73%* of 1984 revenues and 77% of total operating income. Savannah contributed 10% of total revenues and 16% of total operating income. Total revenues for 1984 were $449,388,000; total assets at year-end 1984 were $217,785,000.

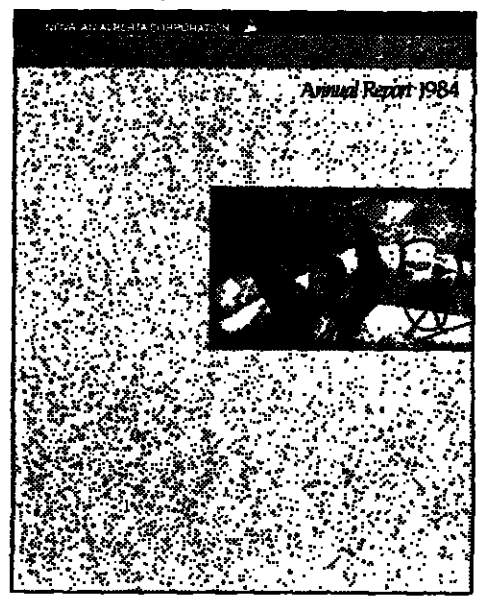


Nabisco Brands, Inc.

With record sales of $6.3 billion in 1984, Nabisco Brands, Inc., is a major manufacturer and distributor of brand-name packaged foods in the United States, Canada and abroad. The Company is a leading producer of cookies, crackers, margarines, yeast, nut and snack products, hot and cold cereals, desserts, confectionery and pet foods.

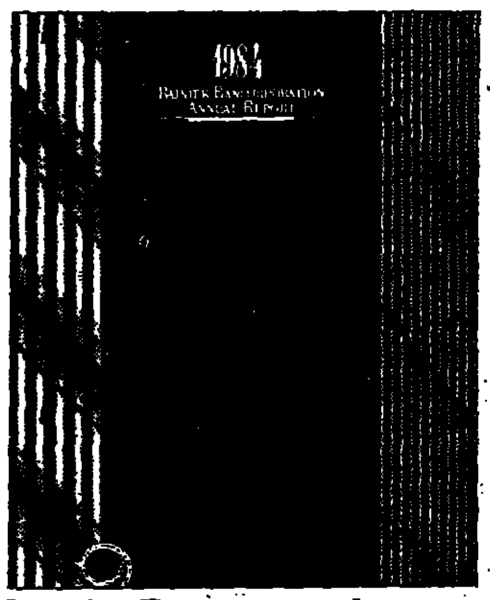
Northern Telecom

Northern Telecom is the second largest designer and manufacturer of telecommunications equipment in North America and is a significant supplier of integrated office systems. In 1984, revenues and earnings surpassed record 1983 results. Revenues increased 32.5 percent to $4.379 billion in 1984 and net earnings (before extraordinary gains) were up 40 percent to $317.5 million, or $2.76 per share. Northern *Telecom's growth is mainly due to its success as the world's leading* supplier of fully digital telecommunications systems, including the Meridian line of integrated data and voice systems and the DMS Family of central office telephone switches. Shares are listed on the NYSE.



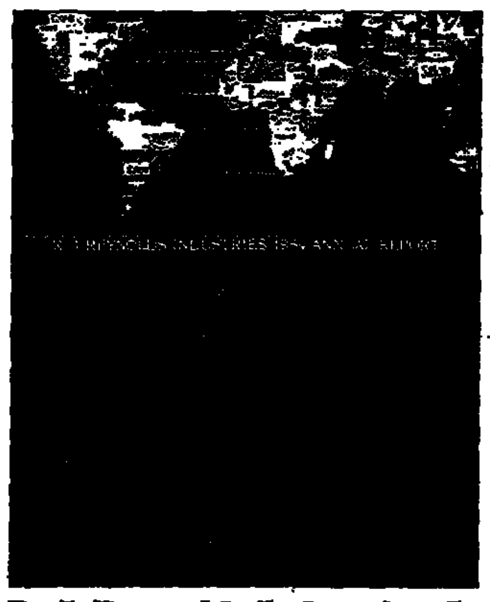
NOVA

NOVA is a major Canadian energy company headquartered in Calgary. Assets at year-end 1984 were $6.4 billion. Revenues for the year totalled $3.8 billion, and net income (after extraordinary items) was $203 million.
The Company is active in several industry sectors: natural gas transportation and marketing, petroleum (through 67% owned Husky Oil Ltd.), petrochemicals, manufacturing, consulting and research. NOVA's Alberta system transports over 75% of Canada's marketed natural gas production.
The NOVA companies employ about 7,800 people.



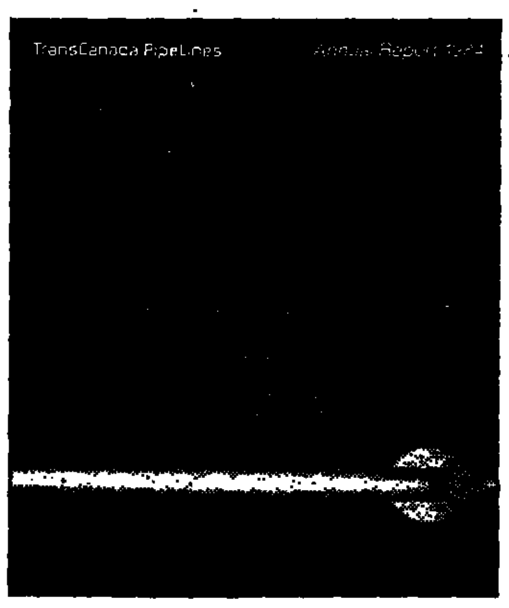
Rainier Bancorporation

Seattle-based bank holding company, OTC:RBAN; 1984 ROA 0.91%, ROE 14.7%; 1984 net income up 30%, 10-year compound growth rate 15.7%; 1985 indicated dividend up 13.6%, 10-year compound growth *rate 14.3%, dividend reinvestment plan since 1981; assets $7.8 billion;* primary capital: 6.5% of assets; more than 200 offices in 10 western *states and eight Pacific Rim nations; 206-621-4111.*



R. J. Reynolds Industries, Inc.

R. J. Reynolds Industries, Inc. (RJR) is an international consumer products and services corporation with major interests in tobacco; canned and frozen foods, beverages and fresh fruit; spirits and wines; *quick-service restaurant operations; and specialty retailing and* packaging.
In 1984, RJR achieved record sales and earnings and raised the cash dividend for the 31st consecutive year. Sales $12.97 billion, net earnings $843 million, earnings per share $7.00, dividends per share $3.25.



TransCanada PipeLines

TransCanada PipeLines is a major Canadian energy company with *assets of approximately $5.8 billion.*
It owns and operates Canada's largest natural gas transmission system, has pipeline investments in Canada and the United States and has oil and gas interests in North America and other parts of the world.
TransCanada experienced increased earnings in 1984 as a result of *improvements in all areas of its business.*

United Energy Resources, Inc.

United Energy Resources, Inc. documents its competitive success *through vigorous marketing and cost controls in the company's 1984* Annual Report. Competitive progress made by UER in 1984 included throughput volume increases of 9% and 18%, respectively, for the company's interstate and intrastate natural gas transmission subsidiaries. Net income in 1984 was $36 million, compared with $29 million of net income in 1983.

Part of 2½ page series appearing on May 28th, and May 29th.

Please send me the following Annual Reports:

- ☐13 Engelhard Corporation
- ☐14 Federal-Mogul Corporation
- ☐15 FPL Group, Inc.
- ☐16 Frank B. Hall & Co. Inc.
- ☐17 Homestake Mining Company
- ☐18 Iomega Corporation
- ☐19 Lincoln National Corporation
- ☐20 Masco Corporation
- ☐21 Michigan General Corporation
- ☐22 Nabisco Brands, Inc.
- ☐23 Northern Telecom Limited
- ☐24 NOVA, An Alberta Corporation
- ☐25 Pandick, Inc.
- ☐26 Pay'N Pak Stores, Inc.
- ☐27 Rainier Bancorporation
- ☐28 R. J. Reynolds Industries, Inc.
- ☐29 TransCanada PipeLines
- ☐30 United Energy Resources, Inc.

I also want these Annual Reports featured May 28th.

- ☐ 1 AGS Computers, Inc.
- ☐ 2 Allied Corporation
- ☐ 3 AMCA International Ltd.
- ☐ 4 American Express Company
- ☐ 5 American Medical International, Inc.
- ☐ 6 AMETEK, Inc.
- ☐ 7 Anderson, Greenwood & Co.
- ☐ 8 Beneficial Corporation
- ☐ 9 Brush Wellman, Inc.
- ☐10 Chicago and Northwestern Transportation Company
- ☐11 Crownx Inc.
- ☐12 CSX Corporation

Name ____________________

Position ____________________

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INTERNATIONAL COMPANIES and FINANCE

Fedfood hit by higher finance charges

By Our Johannesburg Correspondent

FEDFOOD, a large South African food group, suffered from substantially higher finance charges, including foreign exchange losses in the year to March, more than offsetting an improvement in trading profits.

Turnover increased by 13.6 per cent to R819m ($409.5m) from R721m. Operating income before finance charges and tax increased by 21.3 per cent to R66m from 54.4m.

At the pre-tax level, however, this was translated into a 1.6 per cent profit drop to R31.6m.

The directors say that the final six months were the most difficult experienced by Fedfood. The period was characterised by low consumer buying power, high finance costs, increased wage claims, severe price competition and competition for market share and inflationary cost increases.

They add that good progress has been made with the restructuring and rationalisation of the troubled white fish, biscuits and breakfast cereals divisions.

Earnings per share dropped to 78 cents from 83.6 cents and an unchanged total dividend of 30 cents has been declared.

Fedfood is a subsidiary of Federale Volksbeleggings which, in turn is controlled by Sanlam, South Africa's second largest insurance company.

Sappi to raise R200m to reduce debt burden

BY JIM JONES IN JOHANNESBURG

SAPPI, one of South Africa's two large paper and pulp manufacturers, is to raise R200m ($100.5m) in order to reduce its borrowings burden and improve its debt-equity ratio.

The move—by means of a one-for-two rights issue of convertible preference shares—reflects a need for new capital which arises directly from an ambitious expansion programme in the process of being completed at Ngodwana, in the eastern Transvaal.

The project, to increase pulp and newsprint capacity, was originally estimated at 1.015bn including finance charges. In the event, the project cost R1.493bn due to cost overruns, higher finance charges and the effect of a sharply weaker rand on foreign debt. As a result, Sappi was obliged to negotiate a relaxation of debt covenants with its bankers.

Management has taken the view that the higher rand costs of foreign exchange commitments should not immediately be offset against profits. The expansion programme was aimed at supplying pulp and paper to export markets and managements says that rand-denominated export revenues will be substantially higher than originally expected due to the rand's weakness. As a result, higher foreign exchange liabilities will be offset by higher export revenues.

In 1984 Sappi's turnover rose to R657.9m from R553.5m and operating income increased to R98.1m from R84.4m. However, net interest payments rose sharply to R55.8m from R15.6m and, as a result, profits before ta xand capitalisation of interest charges fell to R43m from R74m. Net earnings slipped to 197 cents a share from 222 cents and an unchanged total dividend of 86 cents a share was declared.

Mr Basil Landau, the chairman, said this year's first-quarter profit performance had been poor, largely because Sappi had borne the full brunt of the financing costs of the expansion programme at a time of particularly high interest rates. During this period, he added, little additional production had been derived from the expansion project.

Uncertain economic conditions and difficulties in predicting accurately the increased production levels made it difficult to estimate this year's likely earnings, but these would be substantially below those of 1984.

He told shareholders that an interim dividend would not be declared this year—last year 25 cents was paid half-way — and that the final dividend would be determined only after the year's full results were known.

Japan eases rules on zero-coupon bond issues

By Yoko Shibata in Tokyo

THE JAPANESE Ministry of Finance is further deregulating financial transactions by allowing Japanese corporations' offshore subsidiaries to issue zero-coupon bonds, provided that all the proceeds are used overseas and that at least two-thirds of the bonds are sold to non-residents.

Zero-coupon bonds have been extremely popular among rich Japanese individual investors as a tax shelter, though this practice has been frowned on by the Ministry of Finance. However, the Ministry has found a way to plug the tax loophole by imposing withholding tax on the capital gains from zero-coupon bonds with effect from January 1986. An amendment of the relevant Tax Law was approved earlier this year, and tax officials are drafting an ordinance to put this into effect.

Japanese corporations are calling for new means to raise funds on the same footing as foreign companies in the overseas bond market, which has prompted the MOF to relax its policy.

The MOF maintains guidelines on the amount of zero coupon bonds which can be sold in Japan; no more than one third of any zero-coupon issue can be brought into Japan, although the bonds may be imported into Japan through the secondary market over and above this limit.

Marubeni, the large general trading house, will be the first Japanese corporation to issue zero-coupon bonds through an overseas subsidiary next month. It plans to issue seven year Euro-dollar bonds with a par value of $100m through a subsidiary in Curaçao.

The MOF's more flexible attitude towards Japanese corporations' issuing zero-coupon bonds through offshore paper companies is likely to lead to more such bonds being offered by Japanese companies, especially in the Eurobond market.

Euro-clear plans to extend operations to equity trading

BY MAGGIE URRY

AFTER another successful year of growth, the Euro-clear international securities clearing system is looking for further new areas to develop.

Announcing profits for the 13 months ended December 1984 up by 75 per cent to $7.7m before tax, chairman Dr Rolf-Ernst Breuer spoke of the possiiblity of marketing a clearing system for internationally traded equities. A proposal will be put to the next board meting in June, though it is too early to say how big an investment the project would involve.

As leading equities are increasingly traded worldwide, market makers are looking for one clearing system to cover shares derived from different domestic stock markets.

Euro-clear is also considering a change in the ownership structure. At present the company has 124 shareholders which receive a dividend, while the 1,678 participants (or users) receive rebates, which in 1984 totalled $7.9m. A change to a co-operative ownership is under consideration. That would allow all the users of the system to share in the system's financial development.

Euro-clear moved into its new building in Brussels over the weekend. Mr Peter Culver, the general manager at Euro-clear, said the move would enable further expansion and faster processing of transactions.

Bangkok Bank shows growth

By Boonsong K'Thana in Bangkok

BANGKOK BANK, one of the largest in the Asean region, has reported an 8.45 per cent advance in net profits for the first baht ($15.95m), up from 402.84m baht in the same period of 1984.

Assets grew 20.61 per cent to 258.34bn baht over the previous period's 214.18bn baht. Deposits rose 19.55 per cent to 188.11bn baht, up from 157.3bn baht, while lending recorded an 18.26 per cent increase to 202.89bn baht from 171.50bn baht.

KLK lifts pre-tax profits by 35% at six months

BY WONG SULONG IN KUALA LUMPUR

KUALA LUMPUR Kepong, Malaysia's fourth largest plantation group, has reported a 35 per cent increase in pre-tax profit to 55.4m ringgit (U.S.$22.9m) for the six months to March on a 14 per cent increase in turnover to 131m ringgit.

Directors say the strong increase in earnings came from the surge in oil palm production, which rose 40 per cent to 77,000 tonnes, and higher contributions from associated companies.

KLK is benefiting from an aggressive plantation acquisition policy over the past three years in which its acreage rose by 65 per cent to 152,000. The acquisitions were financed largely from internal sources.

In addition, KLK recorded an extraordinary gain of 96m ringgit arising from thesale of its investment in Highlands and Lowlands to Kumpulan Guthrie.

Profit after tax, minorities and extraordinary gain was 129m ringgit compared with 25.7m ringgit previously.

The interim dividend remains unchanged at 5 cents.

KLK is the largest privately-owned plantation group in Malaysia and is controlled by tan Sri Lee Loy Seng.

Sumitomo Electric ahead

TOKYO — Sumitomo Electric Industries, the Japanese maker of electric wires and cables, reports unconsolidated net income for the year to March ahead 16.1 per cent to Y10.52bn ($419m) from Y9.06bn in the previous year.

The gain followed a swift sales growth, bolstered by favourable marketing of electric cables and powdered alloys.

Sales advanced 12.7 per cent to Y506.46bn from Y449.37bn. Per-share net rose to Y16.57 on 635.2m outstanding shares from Y14.53 on 623.9m shares. The increase in outstanding shares resulted from the issue of a convertible bond.

The year-end dividend was raised to Y3.50 from Y3, increasing the annual dividend to Y6.50 from Y6.

Sumitomo expects current year earnings to rise 4.5 per cent to Y11bn on a 6.6 per cent rise in sales to Y540bn.

AP-DJ

JAPANESE COMPANY RESULTS

DAIWA HOUSE INDUSTRY
Construction

Year to	Mar.'85 Y	Mar.'84 Y
Revenues (bn)	318.2	285.6
Pre-tax profits (bn)	17.3	14.3
Net profits (bn)	7	6.5
Net per share	18.95	18.64
Dividend	9	7.5

PARENT COMPANY

OHBAYASHI-GUMI
Construction

Year to	Mar.'85 Y	Mar.'84 Y
Revenues (bn)	766	690
Pre-tax profits (bn)	22.51	25.92
Net profits (bn)	8.91	11.14
Net per share	16.53	20.67
Dividend	6	6

PARENT COMPANY

SNOW BRAND MILK PRODUCTS
Food, pharmaceuticals

Year to	Mar.'85 Y	Mar.'84 Y
Revenues (bn)	443.29	429.18
Pre-tax profits (bn)	9.26	7.69
Net profits (bn)	2.92	2.64
Net per share	11.53	10.43
Dividend	6	6

PARENT COMPANY

MITSUBISHI OIL
Oil refining

Year to	Mar.'85 Y	Mar.'84 Y
Revenues (bn)	1,194	1,286
Pre-tax profits (bn)	†8.77	†1.59
Net profits (bn)	†9.26	†4.95
Net per share	†30.86	†16.50
Dividend	Nil	Nil

PARENT COMPANY
† Loss.

MITSUI PETROCHEMICAL INDUSTRIES
High-density polyethylene

Year to	Mar.'85 Y	Mar.'84 Y
Revenues (bn)	301.68	290.37
Net profits (bn)	6.85	3.8
Net per share	30.25	17.27
Dividend	5	5

PARENT COMPANY

NIPPON EXPRESS
Transportation

Year to	Mar.'85 Y	Mar.'84 Y
Revenues (bn)	832.96	788.52
Pre-tax profits (bn)	20.63	17.98
Net profits (bn)	7.61	6.29
Net per share	7.78	6.42
Dividend	5	5

PARENT COMPANY

NIPPON LIGHT METAL
Aluminium producer

Year to	Mar.'85 Y	Mar.'84 Y
Revenues (bn)	279.82	288.92
Pre-tax profits (bn)	†3.81	2.48
Net profits (bn)	†3.27	22.19
Net per share	†7.87	53.4
Dividend	—	—

† Loss.
PARENT COMPANY

Notice of Mandatory Redemption

ORIENT LEASING (CARIBBEAN) N.V.

US$25,000,000 9½% Guaranteed Notes Due 1986

Notice is hereby given pursuant to the provisions of the Trust Deed dated July 3, 1979 constituting the above Notes that $6,250,000 nominal of the Notes is due for mandatory redemption on July 1, 1985. The serial numbers of the Notes drawn for redemption representing $6,250,000 principal amount are as follows:—

71	708	4212	5440	5892	6255	6509	7184	7480	7751	7988	8269	8553	8813	9068	9339	9642	9910
72	709	4214	5441	5893	6256	6510	7187	7482	7752	7989	8271	8555	8815	9070	9340	9645	9911
74	713	4217	5647	5895	6257	6511	7190	7484	7754	7990	8273	8563	8816	9071	9342	9647	9913
75	714	4222	5648	5897	6260	6513	7191	7486	7755	7992	8274	8564	8817	9072	9343	9650	9914
78	718	4224	5649	5898	6261	6514	7192	7489	7756	7994	8277	8565	8818	9073	9344	9652	9915
80	719	4227	5651	5899	6264	6515	7194	7490	7757	7995	8282	8570	8821	9074	9347	9653	9918
81	721	4228	5652	5900	6266	6516	7195	7491	7758	7997	8284	8571	8822	9077	9349	9654	9923
85	722	4231	5654	5901	6268	6519	7196	7493	7760	7998	8285	8572	8823	9078	9355	9655	9927
86	725	4233	5656	5905	6269	6524	7201	7495	7762	8000	8286	8573	8826	9080	9358	9657	9929
87	728	4234	5657	5906	6270	6525	7202	7497	7765	8001	8287	8574	8827	9083	9362	9659	9932
88	731	4236	5663	5907	6271	6526	7203	7498	7768	8003	8292	8575	8828	9088	9365	9662	9933
92	733	4238	5664	5908	6272	6527	7204	7501	7769	8005	8294	8576	8834	9089	9366	9663	9934
95	737	4240	5665	5909	6276	6528	7206	7503	7771	8006	8296	8577	8835	9093	9367	9665	9935
204	740	4243	5666	5913	6277	6529	7207	7510	7772	8007	8297	8578	8839	9094	9370	9668	9937
206	741	4244	5669	5915	6278	6533	7208	7511	7777	8009	8299	8579	8840	9098	9371	9669	9938
207	742	4245	5670	5917	6280	6535	7215	7512	7778	8011	8300	8580	8841	9102	9374	9670	9939
208	743	4249	5671	5919	6281	6536	7216	7517	7779	8012	8304	8581	8842	9103	9376	9671	9943
487	746	4263	5673	5920	6285	6537	7219	7519	7780	8013	8305	8584	8843	9106	9379	9674	9945
494	748	4267	5674	5922	6286	6538	7227	7520	7781	8017	8306	8586	8844	9108	9380	9675	9946
495	749	4268	5676	5925	6287	6541	7228	7521	7782	8018	8307	8588	8845	9109	9381	9676	9948
496	750	4270	5677	5926	6288	6543	7233	7526	7784	8019	8309	8590	8846	9112	9383	9677	9949
497	753	4272	5678	5927	6289	6544	7234	7527	7787	8020	8311	8591	8847	9113	9386	9678	9951
498	754	4276	5683	5929	6292	6545	7241	7528	7790	8022	8314	8595	8848	9114	9389	9680	9952

[illegible]

On July 1, 1985, there will become due and payable on the Notes to be redeemed the principal amount thereof together with accrued interest to July 1, 1985. On and after that date interest on the Notes to be redeemed shall cease to accrue. Payment of Notes to be redeemed will be made on or after July 1, 1985 upon presentation and surrender of said Notes, with all coupons appertaining thereto maturing after July 1, 1985 at any of the following banks:—

The Chase Manhattan Bank, N.A.,
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Chase Manhattan Bank Luxembourg S.A.,
47, Boulevard Royal,
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Banque Internationale A Luxembourg, S.A.,
2, Boulevard Royal,
Luxembourg.

Banque de Commerce S.A.,
51/52 Avenue des Arts,
1040 Brussels,
Belgium.

The Development Bank of Singapore Ltd.,
DBS Building,
6 Shenton Way,
Singapore 1,
Singapore.

Manufacturers Hanover Trust Co.,
Stockerstrasse 33,
8002, Zurich,
Switzerland.

United Overseas Bank Ltd.,
1 Bonham Street,
Raffles Place,
Singapore 1,
Singapore.

Daiwa Europe N.V.,
Amstel 344,
Amsterdam,
Netherlands.

Industrial Bank of Japan Trust Company,
245 Park Avenue,
New York,
N.Y. 10167

Sanwa Bank Ltd.,
Commercial Union Building,
1 Undershaft,
London EC3A 8LA.

With effect from July 1, 1985 the balance of Notes remaining in circulation will be $6,250,000

Dated: May 29, 1985

The Chase Manhattan Bank, N.A.,
Principal Paying Agent.

David Marsh on the OTC trend towards science-based stocks

High-tech lights up Paris bourse

FRANCE'S BOOMING "second market" or unlisted section of the stock exchange is introducing investors to a new breed of high technology companies they hardly knew existed.

In the first year or so of the over-the-counter (OTC) market, set up in February 1983, the procession of companies floating a minimum of 10 per cent of their capital was mainly centred on those in leisure and consumer areas or connected with France's traditionally flourishing food and drink industry.

Since the end of last year, however, the flow of traditional companies—about 85 introductions have been made in Paris and the regional bourses in the past 25 months—has been mixed with a growing cluster of science-based concerns emerging.

The introduction of companies like MB Electronique, a precision instruments distributor, CCMC in software, and Electronique Serge Dassault in civil and military electronics has given an unmistakeably different aura to the second market.

The process will be completed with the flotation over the next week or so of two more high-tech companies which are leaders in their sector—Societe Europeeene de Propulsion in rocket motors and Cap Gemini Sogeti in computer services.

The flotation of both companies has been keenly awaited. The sale this week, from May 29) of 12 per cent of the FFr 60m capital of SEP, which will raise directly at least FFr 20m ($2.1m) for the company's majority shareholder, state-owned aero-engine maker Snecma, represents the first time that a state-controlled group has come to the second market.

A further introduction of a subsidiary of a nationalised group, in the form of the packaging unit of the Saint Gobain pipes and glass concern, is to be made in the next few months—raising some controversy in France that the second market is being used for back-door denationalisation.

The Cap Gemini Sogeti share sale has, however, probably raised even more interest than that of SEP. The company, which in early June is selling 10 per cent of its equity, is Europe's leader in computer services and is building up a rapidly expanding base in the U.S. And, with net earnings of FFr 96m on FFr 1.8bn turnover last year, expected to rise to FFr 120m on FFr 2.2bn this year, Cap Gemini Sogeti has earned a reputation as one of France's most profitable internationally operating groups.

Both companies — SEP last year also had turnover of FFr 1.8bn but made less profit at FFr 15.5m—are much larger than most groups which have up to now made use of the second market. This illustrates the traditional reluctance of many growing French companies to seek a bourse quotation, and shows that attitudes are now changing.

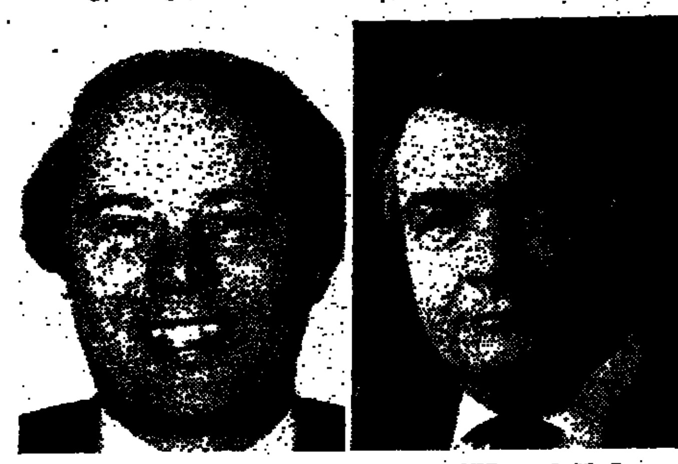
M Serge Kampf, the chairman and founder of Cap Gemini, will retain control after the flotation with a 51 per cent direct stake in a holding concern, Sogeti, constituted to own 51 per cent of the operating company. The share sale was decided partly to allow employees who had built up stakes to sell them on the market, even though many staff shareholders, M Kampf says, now want to hold on to their shares.

Additionally, he advances the "commercial reason" resulting from the group's international presence, especially in the U.S. which accounted for 27 per cent of turnover last year. "In the U.S., the attitude is that successful companies go to the bourse. We have competitors there who are smaller than us, but are quoted. People say to us —If you are the biggest (in Europe), why aren't you quoted too"

The company has successfully financed growth over its 18-year history (the formation of the Cap Gemini Sogeti group dates from a later 1975 merger) by ploughing back profits. M Kampf says the company has no need to raise capital at present. A share flotation on the unlisted market in New York is, however, a possibility being considered by the company and its bank advisers, Lazards, for the next year or so.

The constitution of a holding company gives the group the possibility of eventually opening up to 49 per cent of its shares to the public without changing M Kampf's majority control.

SEP, which makes the motors for the Ariane space rocket as well as for France's ballistic nuclear missiles, on the other hand views the share introduction as a clear prelude to capital raising in the next few years.



M Roger Lesgards (left) chairman of SEP, and M Serge Kampf, chairman of Cap Gemini

M Roger Lesgards, appointed chairman last year after a previous career with CNES, the national space agency, and as a senior civil servant in charge of research policies, says SEP is now reaching industrial maturity.

The company, set up in 1969 to group France's rocket and ballistic development efforts in progress since after the war, expects to raise net profits to FFr 18m this year on turnover of FFr 2.3bn.

With turnover forecast to double between 1984 and the end of the decade, M Lesgards says the company will be seeking to raise capital from the stock market from about 1986 onwards.

It is making a big effort to build up activities in the composite materials field.

SEP's activities in ballistic missiles are becoming relatively less important now that spending on the French nuclear "*force de dissuasion*" is rising less quickly. Activities connected with Ariane already account for 55 per cent of sales—where the company is particularly exposed to competition with the U.S. in satellite launching. M Lesgards' aim is to maintain the turnover share of "new products"—including the potentially important area of small rocket engines for civilian and military purposes—at about 15 to 20 per cent of turnover over the next few years.

Cap Gemini Sogeti has one important link with SEP; the company has developed a software system to carry out post-launching technical check-ups of Ariane lift-offs.

M Kampf's main aim over the next few years is to build up the earnings power of its U.S. activities where it is a relative newcomer, starting up in 1979 and growing via the acquisition of the DASD company in 1981 and Spiridellis in 1982. At present, U.S. operations account for only 15 per cent of profits, with France making up 43 per cent of sales and 45 per cent of profits and eight other European countries 30 per cent of sales and 40 per cent of profits.

By about 1988, M Kampf believes the U.S. will be up to the profits level of the rest of the group. "Our experience from Europe is that it takes years to build up profits—and in the U.S. we have started from zero," he states.

U.S. activities are split up among 22 agencies in major cities, employing 808 people (out of a total group workforce of 4,500). The company reckons it has about 1 per cent of the U.S. computer services market. M Kampf's aim is to build up to a 2 per cent market share—a goal which he says could only be fulfilled with the aid of more acquisitions over the next few years.

In Europe, Cap Gemini reckons it has market shares of 5 to 10 per cent in France, the Netherlands, Switzerland and Scandinavia, but much less than 1 per cent in West Germany and the UK, two countries which are singled out as providing particular growth potential.

An ideal longer term breakdown of turnover would be 20 per cent in France, 30 per cent in the U.S. and 50 per cent in the rest of Europe, M Kampf reckons.

As for his own future, M Kampf's aim is to stay very firmly in the driving seat at Cap Gemini Sogeti in line with long standing commitments to keeping it an independent group.

RESOURCES REVIEW

South Africa's booming timber industry

By Anthony Robinson, recently in Ngodwana, Eastern Transvaal

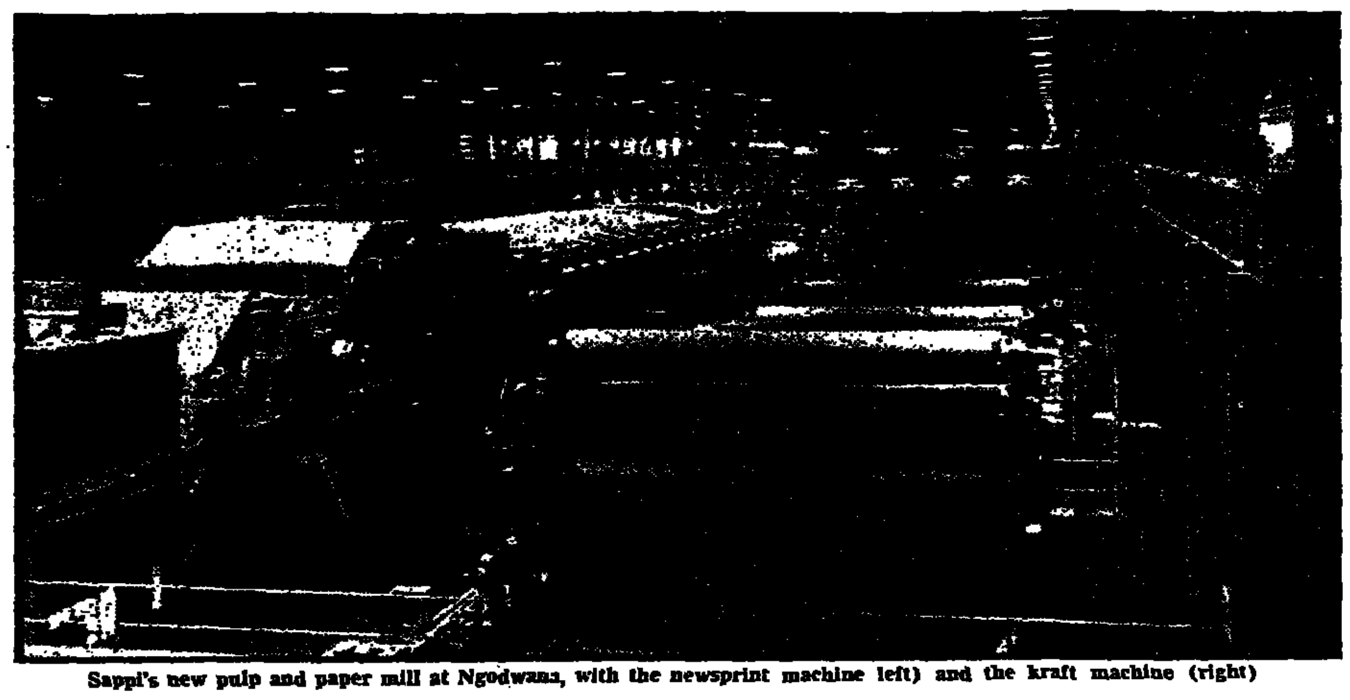
SOUTH AFRICA'S high veldt, a vast landscape of rolling grassland and maize fields burned to bronze by the rainless winter season, comes to an abrupt and spectacular end at the edge of the escarpment. Sheer cliffs then drop precipitately over metres and waterfalls cut white scars through the dense green foliage. The peaks are often shrouded by mist or the rain which falls when warm wet winds from the Indian Ocean condense as they hit this natural barrier.

The escarpment runs for over 1,000 kilomtres north to south and it is here on the steep hillsides that the last 50 years has seen the development of the South African timber industry. The planting of exotic softwood pines and hard wood eucalyptus and wattle was begun by the state as a job creation programme for poor whites during the depression. But the last two decades have seen a spectacular increase in afforestation in the Eastern Transvaal, along the western borders of Swailand and Natal.

Over the last three years new plantation and tree growth have been adversely affected by drought, which finally broke this year. But under normal conditions the low latitudes, sufficient rain and year-round sunshine, combined with careful selection and breeding, have created quick growing forests within easy reach of the main domestic margets and export outlets. On average South African forests yield an annual growth of 15 cubic metres per hectare, four to six times higher than in such major northern timber producers as North America and Scandinavia.

Given the arid nature of most of South Africa, the country will never compete in volume terms with the northern producers. In all just over 1.2m hectares are now devoted to timber, a fraction of the vast Scandinavian or North American forests, not to speak of the Soviet Union.

1985 marks a new stage in the South African paper and pulp industry with the commissioning of major new plants which have led to a sharp drop in imports and the emergence of South African producers as net pulp and paper exporters. Mondi, the 63 per cent owned subsidiary of Anglo-American Industrial Corporation, is completing the last stage of its 450,000-ton capacity hard and softwood pulp mill at Richards Bay in Natal—of which more than half is for export. Plans call for capacity to be doubled over the next 20 years linked to expansion of timber growing in nearby Kwazulu.



Sappi's new pulp and paper mill at Ngodwana, with the newsprint machine left) and the kraft machine (right)

The most ambitious expansion project, however, is that just completed by Sappi, South Africa's largest timber and paper company which is 60 per cent owned by the Gencor mining house, at Ngodwana in the Eastern Transvaal.

Project management for the three-stage complex of newsprint, pulp and linerboard facilities was awarded to Davy McKee of the UK, which managed to complete all stages within the required cost and time paramters, although it was its first contract for a major paper and pulp development. The final cost of the completed project, including the linked reconstruction of the group's Enastra plant near Johannesburg was R947m (£379m) compared to original estimates of R878m. The 9 per cent overrun was the consequence of design changes introduced to ensure that the plant incorporated the latest technology.

Unforeseen developments on the financial side—including current prime rates at 25 per cent, heavy rand depreciation and government tax changes—have raised the total cost of the project, including finance, from the projected R1,015m to R1,493m. This 47 per cent overrun severely strained Sappi's resources and led it last week to issue R200m in preferred ordinary shares.

However, Sappi has raised its paper and pulp capacity by over 45 per cent, created one of the most modern low cost pulp and paper complexes in the world and re-organised production at its other plants on the basis of greater product specialisation and longer runs.

Ngodwana is built in a valley surrounded by timber plantations 50 km from Nelspruit in the Eastern Transvaal. It is 330 km from its main domestic market in the Johannesburg-Pretoria-Vereeniging triangle and sits beside excellent road and rail links to both Richards Bay and Maputo. Its situation in the heart of its own timber plantations and those of the state and private contract farmers means that the average transport distance for the 1.8m tons of timber consumed annually will be around 90 km—only a half to a quarter the average transport distances of major foreign competitors. It is also within 100 km of the low cost Eastern Transvaal coal-mines which supply the plant with 1,000 tons of coal daily. Given that transport costs are estimated to make up 80 per cent of the cost of delivered timber the locational advantages appear to be considerable.

The first phase of Ngodwana was completed in September 1983 when the UK-supplied, 140,000-ton capacity Benoit-Walmesley newsprint machine and associated pulp grinders went on stream. The new capacity permitted the conversion of Sappi's existing newsprint machine at its Enastra plant which now concentrates on producing fine paper.

The key element in the second stage, completed in late 1984, was the 750-ton per day pulp plant with, at its heart, a Swedish Kamyr continuous digestor, a chemical recovery boiler and the Sappi patented Sapoxal oxygen bleaching system. Thanks to the oxygen bleaching system, and a R46m investment in smoke and effluent control systems, Ngodwana is both "environmentally friendly" and a low-water consumer.

Ngodwana uses a mere 17 tonnes of water to produce one tonne of paper and pulp compared to 50 tonnes for the most modern North American plants and over 120 tonnes as the industry average. A 10m megalitre storage dam on the Ngodwana river is the source but the 15m litres of treated effluent which leaves the plant daily is not fed back into the river but used instead to spray and irrigate nearby pastures used by over 2,000 cattle.

The third phase of the project, construction of a 150,000 tonne per year high speed kraft linerboard paper machine supplied by Tampella of Finland and Mitsubishi of Japan, started in mid-1983 and was completed just after Easter this year. It will consume the bulk of the 260,000 tonnes of pulp produced by the up stream pulp plant with the rest divided between supplementing groundwood pulp in newsprint production and supplying Sappi's fine paper mills. The balance—around 60,000 tonnes—will be available for export.

The linerboard machine has been designed to produce both linerboard and liquid packaging paper, which up to now has been imported. It takes eight hours to change the format of the machine and production is expected to be split between 110,000 tonnes of kraftliner—for home and export (mainly to the Far East and North America)—and 40,000 tonnes of liquid packaging paper. The latter will both substitute for the 25,000 or more tonnes of such papers now imported for milk and other liquid containers and provide a margin for export.

The net effect of Ngodwana is to increase Sappi's paper production capacity by 45 per cent to 930,000 tonnes. It has raised pulp capacity by 58 per cent to 870,000 tonnes and enabled the group to replace all of it previous pulp imports of about 25,000 tonnes. According to stockbrokers Ed Hern, Rudolf Inc the variable cost of pulp from the new facility is only R275 a tonne compared with import costs (all figures as of January 1985) of around R700 a tonne.

Sappi itself is cautious about export targets but Hern, Rudolf, in its study of the paperi ndustry, estimates that once Ngodwana is fully commissioned Sappi will be exporting 30 per cent of its pulp output and over 30 per cent of its packaging products. Exports, favoured by the cheap rand, should help to compensate for the adverse effect of rand depreciation on the capital and interest rate charges of the new plant.

The export element could be even higher than expected given the depth of the current domestic recession and special factors like closure of the Rand Daily Mail and Sunday Express which have depressed local newsprint sales.

The same applies to Mondi whose Richards Bay expansion to 450,000 tons of pulp capacity from early 1986 when fully on stream, has not only permitted an immediate replacement of 140,000 tons of previous pulp imports but will leave an estimated 25,000 tons for export after group domestic needs are satisfied.

Not until the mid or late 1990s will domestic pulp and paper demand—currently a low 45 kg per head compared with 289 kg in the U.S.—rise sufficiently to absorb current production. By then capacity at both Richard Bay and Ngodwana will have benefitted from further low cost additions to capacity. It looks as though South Africa's presence on world paper and pulp markets is set to last until the end of the century at least—a classic case of the kind of import substitution and export initiative needed to reduce dependence on traditional gold and mineral sales and broaden South Africa's industrial and export base.

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UK COMPANY NEWS

Allied-Lyons moves up by £24m

REPORTING AN advance of £24.1m to £219m in pre-tax profit for the year ended March 2 1985, the directors of the brewing, hotel and food group Allied-Lyons say the company has come through the year well, maintaining the progress of recent times.

They look to the future with "confidence and enthusiasm," and are raising the dividend from 6.81p to 7.5p net, with a final of 4.9p.

Earnings for the year were up from 18.8p to 20.1p. But after £24.1m net estimated costs of major structural reorganisation, principally in the beer division, this year's earnings are reduced to 16.5p.

Sir Derrick Holden-Brown, chairman, says the group is increasingly seeing the fruits of major long term investments, the progress of further decentralisation of the operating companies, and a continuing programme of acquisitions at home and overseas.

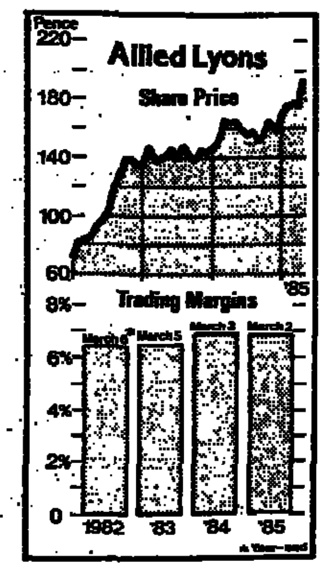
He reports that the food division was again the best performer, showing substantial increase in sales and profits, and a further improvement in margins.

"These excellent results, despite adverse movements of major raw material prices, have their origin in the division's wide international coverage and continuing improvement in cost effectiveness," he tells shareholders.

Looking ahead, he is optimistic about prospects for the current year and beyond. "The business is in good shape and measures to improve efficiency throughout the group have been vigorously pursued and are clearly taking effect," Sir Derrick states.

Investment has been concentrated in the most profitable areas, in cost-saving projects and in new businesses capable of showing a satisfactory return on capital employed. During the year the group spent £149.6m on capital account, compared with £123.2m.

Sir Derrick Holden-Brown the chairman



For the current term the forecast is for £170m-£180m and the majority will again be spent on the licensed estate—over £80m was utilised that way in 1984-85.

A split of the turnover and profit shows beer contributed £998.6m (£930.7m) and £78.9m (£72.7m); wines, spirits and soft drinks £1.04bn (£898m) and £66.4m (£68.2m) including a trading company transferred from the beer division; food £1.22bn (£1.09bn) and £56.2m (£49.8m); inter-divisional sales were £82.5m (£70m) and parent and investment holding companies debits £4.5m (£9.2m).

In addition, there were gains on disposal of properties and investments as follows: beer £15.6m (£12.3m); wines, spirits £4.1m (£1m); food £2.8m (£0.3m); parent and investment holding companies debits £0.5m (£0.2m).

Shareholders are told that the beer division continued to make satisfactory progress despite the difficult background of static volumes in the UK brewing industry as a whole. It is thought that the miners' strike probably affected beer volumes by as much as 1 per cent over the year, but the group still held its market share, which is widely rumoured to be around 14 per cent.

Important gains were made in the lager market—the growth area of the beer business—and some 43 per cent of the group's beer sales were in that product.

The major reorganisation of the beer division would mean between 1,200 and 1,500 redundancies out of a beer workforce of more than 20,000—the majority of which had already been announced.

"The reorganisation is going to lead to a considerable improvement within the beer division," the chairman predicts.

Of the £24.1m extraordinary charge in the accounts, £4.4m had been incurred by the year end and the balance is a provision.

In wines, spirits and soft drinks, Sir Derrick says there was a substantial increase in volume of business, particularly of table wines, but with considerable pressure on margins. The important feature was the development of a number of new brands in the markets for sherry, British wines, cream based liqueurs and rum.

The year's pre-tax profit included the £22m (£13.4m) capital profits, £30.6m (£25.7m) share of related companies, and was after finance charges £53.7m (£42.5m). Tax takes £79.6m (£69.1m), minorities £4.6m (£3.5m), and preference dividends £0.4m (same), to leave the balance for the ordinary at £134.4m (£121.9m). Cost of the increased dividend is £50.6m (£44.2m).

Changes in the rate of exchange have increased the sterling measure of foreign currency borrowings by some £31m. With a rise in working capital because of exceptionally high tea and coffee prices, this accounts for the increase in total borrowings, less cash of £42m.

See Lex

Dunhill tops £15m mark with 35% rise

PROFITABILITY of business under the Dunhill name advanced strongly in the year ended March 31 1985, led by men's fashion products, and helped the Dunhill Holdings group to lift is profit before tax by 35 per cent from £11.14m to £15.06m.

Shareholders, of which Rothmans International is the controlling one, benefit, receiving an effective increase of 1p to 3.8p in their dividend. The final is 2.3p.

The group markets luxury consumer products. Near the end of the year it made major progress in reshaping in line with future strategic objectives through the sale of Richards and Appleby (soap maker) and the purchase of Chloe, which gave it entry into women's fragrances and fashion goods.

Turnover for the year rose from £96.86m to £117.16m, and now includes royalties and similar income receivable; last year has been restated. No figures are included for Chloe.

Under the brand names of Dunhill, Montblanc, Lane and Chloe, the group markets worldwide fashion clothing and accessories

● comment

The transformation of Dunhill Holdings into a pure royalty earning company will probably never be completed—although the tendency in *this direction is already very* marked. No longer a luxury smoking jacket for parent Rothmans International, the group is well on the way to becoming a merchandiser of luxury items. The purchase for £6.7m of French women's fashion house Chloé is a further step in this direction, even if returns for the next couple of years might be modest given financing and reorganisation costs. Consumer sales for 1985-86 could touch £460m with Chloé in second place to Dunhill itself after only one year on this basis. The sale of soap maker Richards & Appleby and the £4.7m initial payment on Chloé left the group with £16.5m in net cash at the year end—surely a fund that could be put to better use than playing the gilt market. For acquisitions the company is looking for a North American quality brand name—but it does not seem easy to find such a target. Although 90 per cent of sales are outside the UK, currency translation effects are limited by an average exchange rate policy (gains of about £½m last year). For the current year the analysts are looking for £18m, which on a 42 per cent tax rate suggests a prospective multiple of over 13½ at 340p and that probably does not leave much room for further advance.

Courtaulds growth pegged to 9% and margins static

A SHARP fall-off in demand for fibres and the adverse effect of exchange rate movements limited Courtaulds to a growth rate of 8.8 per cent in 1984-85 taxable profits, with operating margins virtually static at just over 6 per cent.

A return of £128.2m for the year ended March 31 was broadly in line with market expectations, and compares with £117.8m the previous year. The group's shares were down 1p at 144p yesterday.

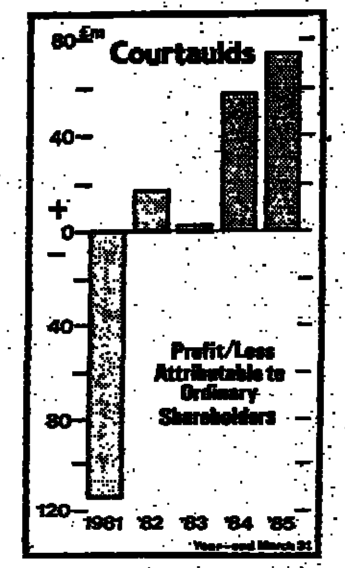
The downturn in demand for *cellulosic fibres from* textile consumers in the U.S and in export markets outside Western Europe was reflected in a £2m fall in operating profits in the group's newly-formed chemical and industrial products division, which turned in £94m.

The textiles group, also formed in the course of the year under review, showed a £10m improvement to £47m at the operating level.

Turnover moved ahead from £2.04bn to £2.15bn, and produced operating profits of £134m against £127.5m. The UK operating contribution fell from £72.7m to £71m, and the chairman, Mr Christopher Hogg, says that foreign exchange movements reduced the value of overseas operating profits by £5m. They stood at £63m for the year, up from £54.8m.

The directors are recommending a rise in the final dividend from 3p to 3.6p net to lift the total by 0.8p to 5p. Stated earnings per share were up from 21.26p to 23.91p.

In his review of the year's trading performance, the chairman *says that the leading position* of Courtelle in Western Europe was reinforced by the acquisition of a major acrylic fibre producer in Spain, which added £5m to the result for fibres. Overall, however, this slipped from £39m to £37m on turnover of £665m against £582m.



In the woodpulp sub-group operating profits were £1m down at £21m, and turnover also fell from £104m to £88m. Mr Hogg says that new plant will further enhance Saiccor's competitiveness as an international supplier of dissolving woodpulp. The plant was completed on schedule and is now being commissioned.

International paint raised operating profits from £20m to £21m on sales up by £29m at £382m. The *chairman comments* that the division continued to develop its world presence in the rapidly growing powder coatings market.

The BCL division increased its capacity for polypropylene packaging film, and a further major production line will be added in the current year. For 1984-85 it turned in an unchanged £12m on turnover of £247m (£210m).

National Plastics' operating profits were a same-again £3m on turnover ahead at £50m. It opened a plant in the U.S. for bottle closures and laminated tubes.

All parts of the textiles group showed improvements. A breakdown in terms of turnover and operating profits shows spinning £169m (£154m) and £9m (£8m); fabrics £334m (£316m) and £18m (£13m); clothing £373m (£356m) and £20m (£16m). The chairman says that there was substantial investment in new technology in clothing.

He adds that businesses not regarded as strategic to future development were divested, and that the new divisional structure will further strengthen the focus on growth opportunities. In the year Courtaulds has continued to shift its resources towards businesses with good growth prospects.

Capital expenditure totalled £126m in 1984-85, against £84m the year previously. Total capital employed was up from £539m to £628m, with the largest increase coming from fibres at £164m compared with £135m.

The tax charge was down from £28.4m to £28.1m, as were minority interests at £9.3m (£11.8m) and extraordinary debits at £15.4m (£19.7m). The dividend will account for £19m *(£15.8m).*

See Lex

Charterhall flotation for £5m

Charterhall, the oil and gas exploration and production company, has announced plans to float off 40 per cent of newly created Charterhall North America (CNA) via a share placing to raise nearly £5m net. CNA is a holding company containing the group's U.S. and Canadian operations.

The flotation is to take the form of a placing of 2.75m new shares in CNA on a fixed price basis with UK institutions. Yesterday a price of 178p per share was agreed—on this basis the market worth of CNA is £12m.

In addition each five shares in CNA bought will be accompanied by a five year subscription warrant for one further share in CNA—the exercise price for which has been set at 214p.

The issue will raise £4.6m after expenses. All of this is to be employed by CNA in its development, appraisal and exploration programme. Mr D. G. Williams, chairman of CNA, said yesterday that this was a more tax efficient way of funding North American activity than the use of cash flow from the parent company's North Sea operations. At present some 20 per cent of group exploration assets are in North America.

In the next year CNA plans to spend $2m on development drilling, $1.3m on appraisal wells, $1.1m on exploration and $1.4m on acquiring land rights. At present CNA's proven net reserves total 230m barrels of oil and 1.38bn cubic feet of natural gas. Total reserves are estimated by petroleum engineers at 961m barrels of oil and 2.92bn cubic feet of gas.

After the placing and assuming that all the shares are taken up — Mr Williams said that most had already found buyers—Charterhall will own 60 per cent of CNA. Once the sub scription warrants are exercised this will fall to about 55 per cent.

CNA plans to get a dealing facility for its shares and the detachable warrants on the London stock exchange under rule 535.3. Within two years the company plans to seek either a full or a USM listing.

Contained within CNA will be Charterhall Oil North America (wholly owned), Charterhall America Inc (wholly owned via CONA), Charterhall Oil Canada (91.8 per cent owned via CONA following the capitalisation of Charterhall's loans to the unit).

The placing is being arranged by County Bank and Scott Goff Layton and is subject to approval at an extraordinary general meeting of shareholders of Charterhall due on June 14.

Improvement for Howard & Wyndham

In 1984, Howard & Wyndham has produced a net profit of £115,000, after all charges including tax of £145,000; profits of associates are included. In the previous year the company incurred a loss of £6,000 net of tax £35,000.

Turnover came to £1.42m (£4.76m) and relates to W. H. Allen, the publisher, for the three months to March 31 1984 when it became an associate.

In March 1985 a capital reorganisation became effective, and preference arrears of £907,000 were extinguished in December. The company's other associate is Ciro Inc, the imitation jeweller.

Nordic Inv. offering 14m shares

BY TERRY GARRETT

Nordic Investment Trust is the latest issue to emerge from the investment trust sector in a spate of new offerings for investors.

A total of 14m shares are on offer in the specialist trust at 50p each. The offer is the first new issue to be handled by stockbrokers P-B Securities, Down, de Boer & Duckett since the firm was established by Prudential-Bach Securities 10 months ago.

Although the full offer has been underwritten by the broking firm, the directors are aware of intended applications from sub-underwriters for 10.5m shares — three quarters of the issue. Such applications, if received, wil be met in full.

As the name implies, the new trust has been formed to invest in the stock markets of Sweden, Norway, Denmark and Finland. The principal object is to achieve capital appreciation by investing in small to medium sized companies. There will only be nominal dividend payments.

GT Management has been appointed as investment managers to the new trust with Svenska International acting as investment advisors. Although GT is better known for its expertise in Far East markets it has been investing funds in Far East markets it has been investing funds in Nordic countries for the past six years and currently handles £40m of investments.

Svenska is the London-based investment banking arm of Svenska Handelsbanken, one of the largest commercial banks in Sweden.

The articles call for an extraordinary meeting to be called for 1995 to wind up the trust although it is possible for Nordic to be wound up long before then—as early as 1988 if shareholders vote for it.

Midepsa floating 60% of subsidiary

BY TERRY POVEY

Midepsa International, the Canadian investment company, has announced its intention to float off more than 60 per cent of the UK subsidiary First Security Group by way of an offer for sale.

First Security, which is based at Fleet in Hampshire, manufactures equipment and systems for car safety, the security and fire detection markets. It is at present wholly owned by Midepsa.

Midepsa itself is jointly controlled by Mr David Wickins, of British Car Auctions and Group Lotus, and Mr Michael Ashcroft, through his Bermuda-registered Hawley Group. Hawley acquired First Security for some £4.7m cash in October 1984 and injected some minor parts of Hawley's UK security business interests into the company.

The Montreal-based Midepsa has been the chosen vehicle for several of Mr Wickins' and Mr Ashcroft's joint investments.

First Security's sales have risen from £2m in 1981 to £4.2m in the year to April 1984. The company forecasts that sales for the past year will reach £6m. Pre-tax profits over the same period have risen from £42,000 to £475,000, with £850,000 forecast for the year just ended. With recent acquisitions included the group's pre-tax profits on a pro-forma basis are expected to reach approximately £950,000.

The floating off of First Security is slightly unusual in that the portion of the company being sold by its parent is planned to be in excess of 60 per cent — the norm is around 25 per cent.

The issue is thought likely to be a fixed price offer although no details are yet available.

The issue is being handled by brokers L. Messel.

UK COMPANY NEWS

Debenhams sets its defence in motion

By Lionel Barber

Debenhams yesterday fired the first salvo in its defence against the £478m takeover bid launched last week by Burton and Habitat Mothercare.

In a letter to shareholders, Mr Robert Thornton, chairman, stresses that the 67 department stores, coupled with a well balanced property portfolio and Welbeck Finance, the consumer credit offshoot, have "an important and increasingly profitable role to play in retailing."

The letter makes no mention of a possible £600m management buy-out, first floated by Mr Thornton before the Burton bid. Such a buy-out, though regarded as a defence of last resort, would involve substantial asset sales, including the disposal of the whole or part of Welbeck.

Debenhams shares rose sharply yesterday, closing last night 6p higher at 387p. Burton, which is making the bid, saw its shares drop to 485p, down 5p on the day. Shares in Habitat Mothercare, which has an option to buy 20 per cent, were unchanged at 388p.

On the basis of last night's closing prices, the Burton offer values Debenhams at £478m, which is well below the current market price of £542m. Burton's offer document is likely to be published next week.

Burton, advised by S. G. Warburg, is watching the progress of the management buy-out discussions closely. It is likely to seek to share any information made available to Mr Thornton and possible institutional investors.

The buy-out discussions are being co-ordinated by Kleinwort Benson, while N. M. Rothschild is advising the Debenhams board on behalf of the shareholders.

Boddingtons expands via £26m purchase of Higsons

BY LISA WOOD

Boddingtons, the Manchester-based brewer is planning to buy Higsons Brewery, the Merseyside independent brewer in an agreed bid worth around £26m.

Boddingtons owns 2.8 per cent of Higsons' share capital and has irrevocable undertakings to accept the offer covering a further 51.9 per cent.

One of Higsons' major attractions for Boddingtons is its lager plant. At present Boddingtons, which has enjoyed near cult status for its real ales, has no brewery for lager—one of the few growth areas of the beer market. Lager, bought in from Whitbread, represents only 11 per cent of its sales compared with some 39 per cent for brewers nationally.

Mr Ewart Boddington, the company's chairman, said the acquisition of a modern lager plant would give Boddingtons the chance to develop sales of its own produced lager. No decision had yet been made whether the company would brew a lager under its own name or a national brand under a franchise.

The deal will also bring some 160 pubs to Boddington's' estate of 373 pubs, which in the main trade outside the Higsons area. Mr Boddington said a very substantial investment needed to be made in the Higsons pubs, with attention to retailing skills such as catering.

Higsons has been able to invest little in its tied estate because of the substantial investment in its brewhouse. Depressed market conditions were one factor cited by the company when, for the year ending September 28 1984 the group operating profit was £1.29m, a reduction on the previous year of 17.7 per cent. Yesterday the company announced that in the 26 weeks to March 29 it made an unaudited profit before tax of £226,000 on turnover of £13.4m.

Higsons yesterday forecast that its profits would be approximately £1m for the full year.

Boddingtons is offering five of its shares and 395p nominal of 9¼ per cent convertible unsecured loan stock 2000/2005 for every three Higsons ordinary shares. On the basis of Boddington's closing price last night of 73p, down 6p, the offer is worth 254p. Higson's shares, suspended last week at 177p, closed last night at 225p.

The loan stock will be a further tranche of that issued as part consideration for Boddington's acquisition of Oldham Brewery in 1982.

Higson's reported net asset value last September was £27.5m, broadly in line with the value of Boddingtons' bid.

Brent Walker returning to market

By Lucy Kellaway

Brent Walker Holdings is returning to the stockmarket with a capitalisation of £33.7m, which is 10 times the value of Brent Walker Ltd when it withdraw from the market just two years ago.

The prospectus is published today of an offer for sale by Statham Duff Stoop of 9.2m ordinary shares at 130p each, representing 35.5 per cent of Brent's equity. This will raise a total of £12m of which over £9m is new money for the company.

G & W Walker started in 1967 when it set up the "Billy's Baked Potato" chain of restaurants. The company joined the stockmarket in 1974 when it reversed into Hackney & Hendon Greyhounds, and subsequently changed its name to Brent Walker Ltd. By 1982 its interests included video and film production, casinos, hotels, shopping centres, construction and cinemas, as well as restaurants and greyhound racing.

After making record pre-tax profits of nearly £1m in 1979, the company reported a small post tax loss for the first half of 1982 due mainly to difficulties in letting its "Oxford Walk" shopping centre and the downturn in the video market.

That year the Walker family trust increased its holding in the company to over 30 per cent and was requested by the Takeover Panel to bid for the remaining shares. The price was set at 46p, about half the price that the shares traded at at the start of that year.

Brent Walker Holdings is now coming to market with a profit record restated for the sale of discontinued activities. This shows increased profits in each of the five years to the £2.2m before tax attained in 1984 on turnover of £19.9m. Profits from film and video dominate, contributing five times more than the remaining divisions — leisure centres, restaurants and greyhound racing—put together.

The group is now planning to reduce its dependence on film and video, and to this end has bought for £325,000 an option to purchase the Brighton Marina for £13m, which the group intends to develop as a leisure complex. The proceeds of the offer will go towards the Marina project and will also be used to increase the group's working capital.

For 1985 the company is forecasting pre-tax profits of £3.4m, or £3.5m if the option to buy the Brighton Marina is exercised. At the offer price the earnings ratio is 11 (excluding Brighton) calculated on a tax rate of 10 per cent. Based upon a notional full year's dividend of 5.5p the yield at the offer price is 6 per cent.

● comment

Those investors who were at the receiving end of George Walker's buy back two years ago may be feeling reluctant to give the man another chance. When a company disappears with a half-year's pre-tax profit of £60,000 and reappears with a total of £1.1m for that year, investors may well feel bemused. It seems that stripped of its loss-making divisions—the cinemas, Oxford Walk (where the sale agreement was signed on 22nd May this year and the construction division — the company has quietly been doing well. Which is to say that its video and film side has been doing well, thanks first to the raging success of its Gilbert and Sullivan videos and then to the television series "Mountbatten—the last Viceroy" which should ensure further profits growth this year. The Brighton Marina project is a completely unknown quantity, and despite the company's claim that the development costs will be covered by the sale of the supermarket and residential sites, the company may well find that the project puts undue strain on its balance sheet. The low tax rate will presumably rise now that the capital allowances on film expenditure are being phased out.

See Lex

Agreed bid imminent for Mebon

AN AGREED bid for Mebon, the industrial paints USM stock, is imminent following yesterday's suspension of its shares at 75p.

Mebon confirmed that it had received an approach, while its merchant bank adviser Hambros said that agreement had been reached in principle with an industrial company with international interests. There was no immediate indication of the bidder's identity.

The miners' strike depressed Mebon's pre-tax profits for the first half of the 1984-85 year, down to £213,000 on £1.99m turnover, compared to £282,000 on £1.92m turnover in 1983. Pre-tax profits for to the year ended March 1984 were £804,000 compared to £606,000.

Mebon was floated on the USM in November 1983 at a placing price of 96p, which capitalised the group at £5.2m. The group specialises in industrial coatings for metal used in the oil, gas and power transmission industries.

According to Mebon, the effects of the miners' strike and other industrial disputes were having a damaging effect on the company's performance. It said that many important industrial customers were either delaying or deferring orders.

"While that position continues, and with uncertainty as to the precise timing of overseas developments and large-scale contracts, it is difficult to predict the immediate future," the directors said, while adding that they remained confident about the company's future.

U.S fund claims 13% of BAGS

BY CHARLES BATCHELOR

Mutual Shares Corporation, an open-ended U.S. mutual fund, has raised its stake in British American and General Trust (BAGS) to more than 13 per cent, in a move which reflects Mutual's increased interest in the UK investment trust sector.

Yesterday BAGS, which is currently fighting off a £63m takeover bid from Shires Investment, completed the £4.2m purchase of clutch of U.S. high technology stocks in a deal which increased its equity by nearly 8 per cent.

Mutual holds stakes in three other UK investment trusts, including a 28 per cent holding in Winterbottom Energy Trust, and two other non-disclosable stakes of less than 5 per cent.

The U.S. fund also had a stake of "a couple of per cent" in Midland Bank, which it bought after selling an earlier holding in Crocker National Bank, Midland's troubled U.S. subsidiary, Mr Michael Price, joint manager of Mutual, said yesterday.

Mutual Shares and Mutual Qualified, two funds with a total of $1bn invested, specialise in stocks traded below their net asset value, in stocks facing takeover bids and in companies in trouble but with recovery potential.

"Some of the investment trusts over there (in the UK) are of natural interest to us," Mr Price said.

Mutual, the approximate U.S. equivalent of a UK unit trust, is part of Heine Securities Corporation. Heine is jointly run by Mr Price, a partner in Herzog, Heine Geduld, a member firm of the New York Stock Exchange, and Mr Max Heine, a former partner in Herzog.

Herzog owns all the shares of the Heine management but Mr Price and Mr Heine have the rights to buy the stock at book value.

Mutual said it bought 500,000 BAGS shares last Friday taking its holding to 7.25m shares, 13.4 per cent of BAGS' equity as increased by the purchase of the U.S. high technology stocks.

Yearlings up ⅛%

The interest rate for this week's issue of local authority bonds is 12¼ per cent, up ⅛ of a percentage point from last week, and compares with 10⅛ per cent a year ago. The bonds are issued at par and are redeemable on June 4, 1986.

A full list of issues will be published in tomorrow's edition.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied-Lyons	4.9	July 26	4.39	7.5	6.81
Courtaulds	3.6	Aug 5	3	5	4.2
Dunhill	2.3	July 25	1.6*	3.8	2.8
Ferguson Indl.	4.65	—	4	7.15	6.5
Higsons Brewery ...int.	0.4	July 6	0.4	—	3.55
Narborough Plant	0.5	July 5	0.5	—	2‖
N. American Trust int.	1.4	July 8	1.4	—	6¶
Scottish Nat. Tst. ...int.	1.5	June 21	1.3	—	4.25
Sheraton Secs.‡	0.5	Oct 7	nil	0.5	nil
Telecomputing‡ ...int.	0.65	June 21	0.35	—	1

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Included a non-recurring payment of 0.6p. ‖ Included 0.5p bonus.

COMPANY NEWS IN BRIEF

Shares in Falcon Resources rose 15p yesterday, to close at 345p, after Mr Ronnie Monk, the chairman, told the AGM about three U.S. gas discoveries in which the company had interests.

He said a well in Yuma County, Colorado, in which Falcon had a 3 per cent interest, might have a production rate of 500-750,000 cu ft a day. The Shawnee Mary Nan West No. 1 well in Texas (Falcon 12 per cent) was producing 400,000 cu ft a day. The McCarter Westmoreland No. 1 well in Texas (Falcon 4.17 per cent) had been tested at 1.43m cu ft of gas a day.

* * *

The offer for sale of 5.26m shares in Wold, a producer of frozen green vegetables, closed yesterday morning "heavily over-subscribed." Full details of the basis of allocation will be announced by the sponsors, Citicorp International and Phillips & Drew today.

* * *

Mr Malcolm Stockdale has purchased a 21.9 per cent stake in British Benzol Carbonising, a coal and coke-making group, from Anglo United Development Corporation. The 4.92m shares changed hands at 15p each.

Mr Stockdale and Mr A. A. Theodorou have joined the British Benzol board and two directors of Anglo United, Mr David McErlain and Mr Denis Bell, have resigned. Mr G. W. Jarvill has also resigned.

* * *

Net asset value per share of the Albany Investment Trust reached 112.92p at the end of the year of February 28 1985. This compares with 89.43p shown a year previous.

Net attributable profits rose from £129,883 to £160,372 after tax of £77,930 (£66,353). The final dividend is 2.2p (1.75p) for a total of 3p (2.45p).

* * *

Flextech has purchased a 33.5 per cent interest in Thermal Conversions (UK) from Dunlop Limited for £416,702 and has also subscribed for 272,727 6¼ per cent convertible preference shares of £1 each in TCL at a total cost of £300,000. The proceeds of the share subscription will be used to provide working capital and further the development of TCL's technology.

* * *

BAT Industries' wholly-owned subsidiary BATIG GmbH, has increased its holding in Pegulan AG to around 92 per cent. An offer to acquire the remaining shares will be made. Pegulan is one of the leading home improvement manufacturers in Europe and a major supplier of moulded plastics

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

8 Lovat Lane London EC3R 8DT Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	123	Ass. Brit. Ind. Ord.	146	—	6.6	4.3	8.1	9.6
151	135	Ass. Brit. Ind. CULS	150	—	10.0	6.6	—	—
77	51	Airsprung Group	54	—	8.4	11.9	6.0	7.1
42	28	Armitage & Rhodes	36	—	2.9	8.1	4.5	7.6
151	108	Bardon Hill	151	+1	3.4	2.3	15.2	25.3
58	42	Bray Technologies	56	−1	3.9	7.0	6.8	7.9
201	163	CCL Ordinary	163xd	—	12.0	7.4	4.0	3.6
152	110	CCL 11pc Conv. Pref.	110	—	15.7	13.8	—	—
120	10	Carborundum Ord.	115	—	4.9	4.3	5.7	8.9
88	84	Carborundum 7.5pc Pf.	88	—	10.7	12.2	—	—
73	46	Deborah Services	48	—	6.5	14.1	4.4	7.1
325	182	Frank Horsell	325	—	—	—	13.1	17.1
288	170	Frank Horsell Pr Ord 87	280	—	9.6	3.7	10.4	13.7
32	25	Frederick Parker	29	—	—	—	—	—
58	33	George Blair	57	—	—	—	3.8	7.7
50	20	Ind. Precision Castings	23	+2	2.7	11.7	6.3	8.8
218	181	Isis Group	181	—	15.0	8.3	7.2	13.1
124	101	Jackson Group	105	—	4.9	4.7	4.9	9.5
285	213	James Burrough	236	—	13.7	5.8	8.4	8.4
93	83	James Burrough 9pc Pf.	90	—	12.9	14.3	—	—
90	71	John Howard and Co.	90	+1	5.0	5.5	7.1	11.3
225	100	Linguaphone Ord.	223	—	—	—	8.2	8.5
100	93	Linguaphone 10.5pc Pf.	98	—	15.0	15.3	—	—
650	300	Minihouse Holding NV	638xd	—	6.9	1.1	27.9	26.5
120	31	Robert Jenkins	60	—	5.0	8.3	—	—
60	28	Scruttons "A"	34	—	5.7	16.8	17.9	4.1
92	61	Torday & Carlisle	76	—	—	—	8.2	17.3
444	330	Trevian Holdings	330	—	4.3	1.3	18.8	18.4
30	17	Unilock Holdings	30	—	1.3	4.3	14.6	21.0
102	81	Walter Alexander	102	—	7.5	7.4	10.1	12.3
247	216	W. S. Yeates	228	—	17.4	7.6	6.5	11.2

Prices and details of services now available on Prestel, page 48146

SHERATON SECURITIES INTERNATIONAL PLC

- Operating profit more than doubled at £1.34m.
- Rental income now exceeds £1m per annum.
- Dividend recommended.
- Company in good position to take advantage of prevailing conditions for growth.

FINANCIAL HIGHLIGHTS

Year to 31st March	1985 £'000	1984 £'000
Rental income	733	657
Property sales and fees	4,639	2,484
Profit before taxation	1,343	611
Earnings per share	1.6p	0.8p
Dividend per share	0.5p	—

For copies of the Chairman's Statement and the Report and Accounts write to the Financial Director
SHERATON SECURITIES INTERNATIONAL PLC
77 SOUTH AUDLEY STREET LONDON W1R 5TA

MINING NEWS

Lac restructuring terms

Lac Minerals of Canada plans to formalise its control over the various gold mining companies within the group in advance of its jump to being the country's largest gold producer once its big new mine in the Hemlo district of north-western Ontario comes on stream.

The projected start-up date for the Hemlo venture has now been brought forward to some time in December this year, from the previously-scheduled mid-1986 start.

Lac has announced the terms of a series of share exchanges which will effectively complete the group restructuring started three years ago. Mr. Peter Allen, chief executive, said yesterday that the reorganisation would simplify the group's corporate structure.

"When the plan is approved," he added, "all Lac group shareholders will enjoy direct participation in a single corporate entity."

Shareholders in the present master company, Lac Minerals, will receive one share in the new company, also to be called Lac Minerals, for each share held.

Holders of each share in Little Long Lac Gold Mines, one of the founding companies of the group, will receive 2.377 shares in the new Lac Minerals, while Lake Shore Mines holders receive 2.871 shares and Wright-Hargreaves Mines holders receive 0.498 of a share.

Once the amalgamations become effective, all the shares in the other companies will be cancelled.

Heavy loss at MMC

THE world's biggest tin producer, Malaysia Mining Corporation (MMC), has moved into a heavy loss for the year to January 31 as a result of a M$222m (£71.4m) write-down of the 15.3 per cent holding in Sime Darby, reports Wong Sulong from Kuala Lumpur.

Prior to the write-down MMC made a net profit for the year of M$35.4m against M$31.8m despite the effects of tin export control. It has still maintained the final dividend at 3 cents per share to bring the year's total to an unchanged 6 cents (2p), less tax at 40 per cent.

The investment in Sime Darby was acquired in 1981 during the merger of Malayan Tin Dredging and MMC (1976)—now in voluntary liquidation—and was then recorded as a gain of M$341m.

MMC has decided to write down this investment in view of the subsequent fall in the price of Sime shares in order that it should be "adequately covered by reserves."

* * *

A consortium of British Petroleum's mining subsidiary, BP Minerals and Thailand's Siam Cement, has signed a contract with the Thai Government for the right to mine antimony in the country.

COURTAULDS PLC

Preliminary Announcement of Results 1984/85

Year ended 31 March	1985 £m	1984 £m
Turnover to External Customers	2,151.9	2,038.1
Turnover to UK Customers	929.3	917.2
Exports from UK (including inter-group)	441.8	432.5
Turnover Overseas	848.8	748.7
Operating Profit—UK	71.0	72.7
—Overseas	63.0	54.8
—Total	134.0	127.5
Share of Profits of Related Companies	4.9	2.1
Interest Payable net of Investment Income	(10.7)	(11.8)
Profit on Ordinary Activities before Taxation	128.2	117.8
Taxation—UK (including ACT £7.9m, 1984 £6.9m)	(8.3)	(7.2)
—Overseas	(19.8)	(21.2)
	(28.1)	(28.4)
Profit on Ordinary Activities after Taxation	100.1	89.4
Minority Interests	(9.3)	(11.8)
	90.8	77.6
Extraordinary Items (net of realisation profits £17.9m, 1984 £3.0m)	(15.4)	(19.7)
Profit attributable to Courtaulds PLC	75.4	57.9
Preference Dividends	(0.1)	(0.1)
Profit attributable to Ordinary Shareholders	75.3	57.8
Ordinary Dividends	(19.0)	(15.8)
Earnings per Ordinary Share before Extraordinary Items	23.91p	21.26p

Earnings per share increased by 12%. The Board is recommending a final dividend of 3.6p per Ordinary Share which, together with the interim dividend already paid, *makes a total for the year of 5.0p* (gross equivalent 7.143p, 1984 6.0p). This represents an increase of 19%.

During the year there was a sharp falling-off in demand for the Group's cellulosic fibres from textile consumers in the USA and in export markets outside Western Europe. Despite this, and the effect of exchange rate movements which reduced the sterling value of overseas operating profit by £5m, profit before tax increased by £10.4m.

The Group has continued the shift of its resources towards businesses with good growth prospects.

There was a marked increase in capital expenditure which totalled £126m, compared with £84m in 1983/84. The leading position of Courtelle in Western Europe was reinforced by the acquisition of a major acrylic fibre producer in Spain, which contributed £5m to the result for Fibres. New plant which will further enhance Saiccor's competitiveness as an international supplier of dissolving woodpulp was completed on schedule and is now being commissioned. International Paint continued to develop its world presence in the rapidly growing powder coatings market. BCL increased capacity for polypropylene packaging film, and a further major production line will be added in 1985/86. National Plastics opened a plant in the USA for bottle closures and laminated tubes. There was substantial investment in new technology in Clothing. *Businesses not regarded as strategic to future development were divested.*

The organisation of the Group's major business areas into Chemical and Industrial Products, and a Textiles Group (comprising Spinning, Fabrics and Clothing), will further strengthen the focus on new growth opportunities.

Partly reflecting the substantially higher level of capital expenditure, net debt increased to £54m at 31 March 1985 (£23m at 31 March 1984), and the ratio of net debt to equity was 9:91.

The breakdown of turnover, operating profit and capital employed between major business areas is:

Year ended 31 March (£m)	Turnover 1985	Turnover 1984	Operating Profit 1985	Operating Profit 1984	Capital Employed 1985	Capital Employed 1984
Chemical and Industrial Products						
Fibres	665	582	37	39	164	135
Woodpulp	88	104	21	22	73	55
International Paint	382	353	21	20	119	118
BCL	247	210	12	12	72	53
National Plastics	50	45	3	3	19	14
	1432	1294	94	96	447	375
Textiles Group						
Spinning	169	154	9	8	40	32
Fabrics	334	316	18	13	104	96
Clothing	373	356	20	16	88	78
	876	826	47	37	232	206
Miscellaneous	(156)	(82)	(7)	(5)	(51)	(42)
Total	2152	2038	134	128	628	539

The Report and Accounts will be posted to shareholders on *24 June 1985* and the Annual General Meeting will be held at the London Marriott Hotel, London. W1, on 23 July 1985. The final dividend will be paid, if approved, on 5 August 1985 to *shareholders on the register on 18 June 1985.*

COURTAULDS PLC
18 Hanover Square, London W1A 2BB

D.C. Pimlott, Secretary
28 May 1985

REED STENHOUSE COMPANIES LIMITED

DIVIDEND NUMBER 65

Notice is hereby given that a dividend of 15 Canadian cents per share has been declared on the outstanding class A and Class C common shares of the Corporation for the quarter ended March 31, 1985, payable on June 28, 1985 to shareholders of record at the close of business on June 10, 1985.

Class C shareholders will receive 8.5616 pence (being the equivalent of 15 cents Canadian) per share.

Toronto, Ontario
May 15, 1985

by Order of the Board
D.J. Sydor
Secretary Treasurer

Company Notices

BBL (CAYMAN) LTD.

unconditionally guaranteed by

Bangkok Bank Limited

US $50,000,000
Floating Rate Notes due 1994

For the six months
May 20, 1985 to November 20, 1985
the Notes will carry an interest rate of 8¹¹⁄₁₆% p.a.
As a consequence, the coupon pertaining to this interest period will be US$22,201.39

Listed on the Luxembourg Stock Exchange

The Mitsui Bank, Limited
Brussels Branch
Fiscal Agent

FIH little changed at £6.46m

ALTHOUGH earnings for the year ended February 28 1985 have fallen from 16.7p to 14.6p per share, Ferguson Industrial Holdings is lifting its dividend by 10 per cent to 7.15p net as it is again covered more than twice. The final is 4.65p.

Profits for the year depended on a continued buoyant level of retail sales in the High Street stores and a return to mild winter conditions in the fourth quarter, shareholders had been told previously. In the event, "w eexperienced neither," reports the chairman Mr Denis Vernon, and the trading profit rose only 8 per cent to £7.59m.

And with related companies' share falling from £357,000 to £65,000 and profits on sales of investments from £379,000 to £56,000, the balance before tax just failed to match the previous year, showing a reduction of £48,000 to £6.46m. On top of that, the tax charge was higher with an effective rate of 40 per cent.

As regards the current year Mr Vernon says the start of it coincided with the ending of the miners' strike, a return to relatively mild weather and an increase in retail sales. "These changes should help the first quarter," he says. Last year the comparative period produced sales of £35m, trading profits of £1.76m, and a pre-tax balance of £1.58m.

Reviewing the year, the chairman reports that printing and packaging continued to forge ahead, with sales up 17.4 per cent to £41.24m and trading profits expanding 20 per cent to £5.54m. However, this was offset by a decline in building supplies, accounted for by the miners' strike, a higher incidence of bad debts, and the worst winter for many years—sales fell by 3.6 per cent to £70.18m and the profit by almost 22 per cent to £1.71m.

Construction was also hit by the weather, and tight margins on some contracts resulted in a loss of £250,000, against a profit of £176,000, on sales of £20.71m (£19.1m). Manufacturing performed much better and turned round from a loss of £21,000 to a "very useful" profit of £508,000. Its sales were £9.38m (£10.44m).

Employees' profit sharing absorbed £808,000 (£791,000) largely payable to the successful printing and packaging division.

The tax charge this year took £2.6m (£2.25m), but the chairman looks forward to a reduction over the next two years to the standard corporation tax rate of 35 per cent. Last year was also charged extraordinary items of £798,000, being net reorganisation costs

• comment

FIH cautioned the market at the interim stage that 1984-85 was going to be a flat year. But if yesterday's announcement failed to surprise that does not mean it did not disappoint. All the gains by the printing and packaging division were dissipated by £250,000 of losses on two civil engineering contracts by the construction business and some poor trading results coupled with £100,000 of bad debts by building supplies. Construction should break even this year but the pressures on the building supplies division are unlikely to ease appreciably so again it will be up to the printing and packaging division to provide the growth. A full year contribution from Hind Hoyle and Light should help—it chipped in a maiden £220,000 for the second half of last year—but those analysts, whose estimates a year ago were a good £1m over-optimistic, are bound to be taking a cautious line today. Assuming something just over £7m pre-tax for this year—which is not asking a great deal of the core businesses—the p/e is around 9 at 136p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Associated Fisheries, Thomas Borthwick, Davenports Brewery, International Thomson, MEPC, Murray Growth Trust, Tate and Lyle, Wolverhampton and Dudley Breweries.

Finals: Capital and Counties, Carless Capel and Leonard, Chesterfield Properties, Coalite, Harrisons and Crosfield, Leeds, Smith Brothers, TR Property Investment Trust, United Computer and Technology.

FUTURE DATES

Interims—	
Carr's Milling Industries	June 10
Chemring	June 12
National Westminster Bank	July 30
Nottingham Brick	June 6
Plaxtons (GB)	June 11
Finals—	
Anglo-Indonesian	May 30
Brownlees	June 6
De La Rue	June 4
Morgan Communications	June 4
New Throgmorton Tst. (1983)	June 4
Oldacre	July 12
Premier Consold. Oilfields	June 11
Schroder Money Funds	June 12
Somic	June 7
Time Products	June 4
Walker (C. and W.)	June 6

Dencora's rental income nears £2m

Dencora raised the value of its property investment portfolio by close to £6m in 1984 and saw its rental income surge from £1.57m to £1.99m over the 12 months.

The directors say that even more important, the gross rent roll at December 31 1984 was £2.4m, the group having retained all of its developed investment properties.

They say this should help offset the effect of higher interest rates being experienced during the first six months of the current year.

Group turnover for 1984 pushed ahead from £7.93m to £8.83m and at the pre-tax level profits rose by £161,000 to £1.21m. The directors intend to recommend a maiden dividend of at least 2p net per 25p share next year.

Dencora, an East Anglian property development and investment group, obtained a USM listing in 1982 via a placing of some 17 per cent of its equity.

Tax accounted for £15,000 (added £16,000) and left earnings 1p higher at 9.4p per share.

The group has obtained "substantial" relief from tax as a result of industrial building allowances. This benefit will extend into next year and beyond.

The directors believe that the "full investment potential" of the commercial properties is not shown in the account figures and say these should improve "considerably" in 1985 and 1986.

The group is concentrating on the purchase of freehold development sites and will purchase available freehold interests in its existing long leasehold sites.

During 1984 the property investment portfolio grew by 26 per cent to £28.4m (£22.5m).

The builders' merchant division is maintaining its turnover and a "satisfactory" profit. The house building programme has progressed satisfactorily and the group has acquired additional land for its land bank.

The sheltered housing schemes in East Anglia are progressing satisfactorily with sales starting this year.

Dencora is proposing to start a new division in the Bury/Cambridge area to expand its house and commercial building activities. The directors say the division should be producing profits in 1986.

Heavitree Brewery up slightly

Pre-tax profits for Heavitree Brewery, the Exeter-based wholesaler of beers, wines and spirits, with interests in the U.S., advanced slightly from £277,000 to £284,000 in the first six months to end-April 1985.

Turnover was up by 5 per cent to £2.06m (£1.96m) and trading profit was £312,000 (£260,000). However although there was an improvement in the loss at a subsidiary, £5,000 against the previous £73,000, there was an increase in the share of losses at an associate, £23,000 (£6,000) and no profit on the sale of properties against last year's £96,000.

The interim has been maintained at 6.6p. Last year there was a final of 23.4, making a total of 30p.

The ordinary shares are traded under Rule 535, while the preference have a full listing. The company is considering going on the USM to avoid problems which it says are caused by the present situation.

Castings rises to £1.2m

AN 11 PER CENT increase from £1.07m to £1.19m in full year taxable profits at Castings is considered as reasonable by the directors given the continuing pressure on margins.

They say that the foundries in general continue to be busy and efforts to improve productivity and reduce costs will enable Castings to retain its competitive position.

Castings, a malleable ironfounder, achieved the profit for the year to end-March 1985 on higher turnover of £10.5m against £9.04m.

The final dividend is being raised from 2.5p to 2.75p which lifts the total to 3.75p (3.25p). A one-for-two scrip is proposed. Stated earnings per share were higher at 9.9p (7.6p), after tax of £521,000 (£563,000).

Castings has agreed to acquire W. H. Booth and Co. for £225,024 in cash and an issue of 100,000 ordinary shares. Agreement is subject to audited accounts for the year to March 31, 1985 — Booth trades as S. G. Ironfounders.

The directors anticipate that Booth will provide increased production capacity, additional customer service and cost reductions.

Macdonald Martin edges ahead

DESPITE BOTH higher interest and marketing costs, Macdonald Martin Distilleries increased its taxable profits for 1984 from £1.96m to £2.02m.

The final dividend on the "A" shares is being raised by 1p to 13.5p for a higher total of 16.5p (15.5p). Holders of the "B" shares will receive 50 per cent of this amount.

Turnover was up at £16.21m, against £14.65m, and generated an operating profit of £2.83m (£2.74m). Interest charges were £100,000 higher at £811,000.

Earnings on the "A" and "B" shares were 67.26p (65.46p) and 33.63p (32.73p) respectively.

The increase in marketing investment was attributable to the single malt whisky, Glenmorangie, and the directors add that the Glen Moray-Glenlivet distillery is to be renovated.

While it is difficult to forecast a recovery in blended Scotch whisky, they are confident that Glenmorangie's growth as part of buoyant malt whisky sector will continue to reward efforts and attention.

Intense activity at Devenish

Although the figures show little change in the first half for J. A. Devenish, the chairman, Mr R. S. Hargreaves, reports that it has been a period of intense activity. Most of the changes in production and distribution mentioned in the annual report have been completed and the Dorset-based brewer is ready to meet the coming season.

Turnover was only slightly changed at £8.72m (£8.7m), with taxable profits at £203,000 (£200,000) in the first siv months to March 15, 1985, the period which traditionally only shows a small part of the full-year's profit.

Mr Hargreaves adds that there have been temporary increased costs because of the reorganisation and trade has been slightly below that of the previous year. However, he feels the results are satisfactory in the circumstances.

Interim dividend is raised from 2.25p to 2.75p, with earnings per share rising from 5.4p to 5.5p. Last year the total p. ment was 11.5p.

Telecomputing profits more than doubled to £0.37m

Telecomputing, a USM-quoted developer of computer software, has more than doubled its interim taxable profits from £156,000 to £366,000.

Demand for its ICL mainframe based software product, TPS, has increased following the introduction of rudimentary fourth generation application facilities last autumn.

In addition, the directors say that the development of further facilities and their imminent release will sustain this rate of growth in software product sales in the ICL market place.

Next year, they add, will see the release of products from the current development programme, which will be targeted at IBM as well as ICL mainframe users.

Turnover for the six months to March 31 1985 rose from £1.12m to £1.33m reflecting the replacement of low margin hardware sales by high margin software sales and improved operating efficiency.

Telecomputing, which has close company status, is paying an interim dividend of 0.65p, against 0.35p. Earnings per 10p share climbed by 5.37p to 8.9p, after tax of £153,000 (£75,500).

• comment

If the market needed reassurance that Telecomputing is not about to go the way of Micro Focus, these figures should have provided it. The 135 per cent increase in pre-tax profits was arrived at by accounting policies that are as conservative as Micro Focus's were liberal, deferring some £½m received in advance on software licencing until the amounts become payable. The company continues to spend about a quarter of its turnover on research and development, for which it has obtained grants from both the Government and the Alvey directorate, which will tide it over for the next eighteen months at least. By then Telecomputing wil lbe completing its transformation away from software products for ICL computers into the larger market for IBM mainframes; but in the meantime its main product, the TPS, continues to generate cash. On a forecast profit of £800,000 for the full year, the shares, up 40p to 490p, are on a p/e of 24 (40 per cent tax) and, assuming £1.2m for 1986, the p/e is 17. Provided the market for shares of software companies keeps its nerve Telecomputing, well off its high of 545p, does not look too expensive.

Sheraton's strategy pays off

THE DECISION taken by Sheraton Securities International to concentrate on property development for trading enabled the group to more than double its profits in the year to March 31, 1985.

At the pre-tax level they surged by 120 per cent from £611,000 to £1.34m and a dividend of 0.5p net is declared, its first payment since joining the USM.

The directors say the strategy of developing buildings for Britain's emerging high technology industries is already proving successful.

They point out that most of the group's current development programme is taking place in the expanding business areas in the south-east of England, particularly near London and at Gatwick, Swindon, Cambridge and Bristol.

Shareholders are told that new factories and research and development accommodation tailored to meet the needs of modern industry are central to this programme. However, the pogramme is balanced by office development in Central London and the south-east. The group also plans to commence its first retail project before the end of this year.

Sheraton's investment portfolio has been added to and rental income is now running in excess of £1m a year. It is the intention of the directors to continue to rationalise and upgrade the quality of this portfolio.

The group's main thrust, however, is directed at the expansion of operating profits from property trading. The development programme is becoming larger and more diverse.

In Florida, Sheraton is continuing to make progress. After the satisfactory sale of the first two projects the directors are now planning the next phase of the programme.

Inthe UK the group is expected to complete and sell a number of prime developments over the next three years.

A third of the portfolio of shops acquired from last year's acquisition of the Gravel Investment and Property Company have been sold at prices considerably in excess of those set out in the offer documents.

For the 1984-85 year gross rental income pushed ahead from £657,000 to £733,000, and property sales and management fees totalled £4.64m (£2.48m). Net property income emerged at £1.47m (£773,000).

Pre-tax profits were struck after deducting interest of £832,000 (£446,000) and related companies loss £72,000 (credit £155,000). Interest capitalised added £782,000 (£129,000).

Tax accounted for £80,000 (£66,000) to leave the net balance at £1.26m (£545,000), equal to earnings of 1.6p (0.8p) or 1.5p (0.7p) fully diluted.

COMPANY NEWS IN BRIEF

Hambros Investment Trust's net asset value per 25p share, with prior charges deducted at nominal value, amounted to 210.5p at the end of the year to March 31 1985. This compares with 174.2p a year previous.

The final dividend is being raised from 2.7p to 3.1p, which lifts the total to 4.2p, against 3.7p. Earnings per share were higher at 4.29p (3.78p).

Pre-tax revenue totalled £3.58m (£3.18m). Tax took £1.25m (£1.11m).

* * *

Isle of Man Enterprises, operator of holiday accommodation; incurred a higher-seasonal net loss of £55,741, against £50,372, for the six months to April 30 1985.

Bookings, say the directors, remain at the same level as last year which produced a taxable profit of £90,704 on turnover of £418,985.

* * *

Kelsey Industries, a solder manufacturer, notched up a £140,000 rise to £740,000 in interim taxable profits and the directors hope that this momentum will be maintained at the final stage.

Turnover for the six months to end-March 1985 rose from £13.61m to £17.64m and earnings per share were 4.1p higher at 12.5p. The interim dividend is being held at 2.5p.

There were extraordinary credits of £442,000 (£85,000) relating to a foreign exchange surplus and a property sale.

* * *

Net asset value per 25p share of the Northern American Trust amounted to 328.1p at the end of the year to April 30 1985. This compares with 314.9p a year previous.

Revenue after tax came out at £1.07m, against £855,000, giving earnings per share of 3.13p (2.48p). The interim dividend is unchanged at 1.4p.

* * *

Mr M.H. Jourdan, chairman of the Lambert Howarth Group, said at the annual meeting that the footwear market was a little more buoyant.

Although margins continued to be low on imported footwear, he said that sales of manufactured footwear were ahead of the comparable period last year and output was being maximised at all factories.

* * *

Mr Forbes Macgregor, chairman of Harold Perry Motors, says that in his annual statement that "the first three months of the year have given an encouraging start with pre-tax profits of £1.04m—18 per cent better than in the same period of 1984."

* * *

Ocean Transport and Trading is selling the agricultural division of Suttons, its sugsidiary in the Irish Republic, in a management buy-out. The agricultural divisions had a 1984 turnover of I£10m, while Suttons as a whole had one of I£60m. The Value of the buy-out was not disclosed.

* * *

BRP Securities, a wholly-owned subsidiary of Bajau, the investment vehicle of Mr Christopher Selmes, has reduced its interest in Turriff to below 5 per cent.

* * *

Burglar alarm equipment marked K & G Security Electronics has acquired Atlas Alarms (UK), the Darwin, Lancashire based security monitoring station, including its land and buildings.

* * *

Clabir International Corporation has increased its holding in Yelverton Investments to 23.4 per cent (equal to 1.88m ordinary shares) by purchasing further blocks of shares totalling 250,000.

* * *

Raybeck, the loss-making Lord John and Berketex clothing retail group, expects to make a surplus of about £840,000, after expenses, from the sale of its Regent Street, London, premises.

Contracts have been unconditionally exchanged for the sale of the leasehold to Laura Ashley for £2.35m cash, compared with a book value of £1.46m. Completion is expected to take place on June 7.

* * *

Millfields Investments, a subsidiary of Tarmac, achieved a higher taxable profit of £184,000, against £171,000, in 1984.

Barlow Rand

Interim report for the six months ended 31 March 1985

The unaudited consolidated results of Barlow Rand Limited and its subsidiaries are set out below:-

Group income statement	Six months ended 31 March 1985 R million	Change %	1984 R million	Year ended 30 September 1984 R million
Turnover	6,015.0	27.8	4,708.1	10,000.6
Group operating profit before interest	502.7	11.7	450.1	901.9
Interest paid	173.3	90.2	91.1	204.9
Group operating profit	329.4	-8.2	359.0	697.0
Income from investments	56.0	20.2	46.6	99.8
Group profit before taxation	385.4	-5.0	405.6	796.8
Taxation	153.0	-8.1	166.4	293.6
Group profit after taxation	232.4	-2.8	239.2	503.2
Share of associated company profits	11.7	21.9	9.6	21.2
Group profit after taxation, including associated companies	244.1	-1.9	248.8	524.4
Attributable to:				
—outside shareholders in subsidiaries and preference shareholders in Barlow Rand Limited	123.1	0.2	122.8	248.3
—ordinary shareholders in Barlow Rand Limited	121.0	-4.0	126.0	276.1
Number of shares upon which earnings per share is based (000's)	178,731		162,125	162,555
Earnings per ordinary share (cents)	67.7	-12.9	77.7	169.9
Dividends per share (cents)—ordinary	21.0		21.0	70.0
—preferred ordinary	52.5		52.5	105.0

Notes

1. Non-trading items attributable to ordinary shareholders:

	Six months ended 31 March 1985 R million	1984 R million	Year ended 30 September 1984 R million
Deferred taxation rate adjustment —charge relating to prior years	30.3	19.7	20.9
Goodwill arising on consolidation—mainly relating to the acquisition of J. Bibby & Sons Plc	296.1	48.3	53.4
Other items	9.4	(18.6)	(10.2)
	335.8	49.4	64.1

2. Comparative figures

Comparative figures have been restated as a result of changes in accounting practice noted in the 1984 annual report and the effect of these changes has been to increase earnings per share for the six months ended 31 March 1984 by 2.0 cents.

Results

Turnover increased by 27.8% due principally to the acquisition of Bibby and the increase in export turnover resulting from the lower value of the rand.

Local trading conditions have been very difficult during the period under review with volumes and margins down in most divisions. Interest paid is substantially higher due in the main to interest costs on overseas borrowings relative to the acquisition of Bibby and to higher local interest rates.

Earnings per share are 12.9% down due to:

A dilution on acquisition of Bibby	5.0%
The increase in mining tax	2.5%
A reduction in earnings compared to 1984	5.4%

The mining division and those group companies with established export markets have performed well and benefited from increased rand receipts for their products. Middelburg Steel and Alloys have done particularly well in the ferro-alloy market. The food companies have produced steady results.

Bibby's profits have been included for the first time and as a result of their good performance the dilution was less than the anticipated 7%.

The downturn in consumer demand and reduction of trading margins coupled with high interest costs have severely affected many of our trading and manufacturing companies—particularly carpets and textiles, the appliance company and companies serving the building and construction industry.

Prospects

Local trading conditions are not expected to improve over the remainder of the year but it is expected that the group's past trend of reporting higher earnings in the second half of the year will be maintained.

Based on current profit projections it is anticipated that the ordinary dividend will be maintained at 70 cents per share for the year.

Dividends

A preference dividend of 6 per cent for the half year ended 31 March 1985 was declared on 12 March 1985, payable on 30 April 1985.

A preferred ordinary dividend of 52.5 cents per share for the half year ended 31 March 1985 was declared on 27 May 1985, payable on 12 July 1985.

An interim ordinary dividend of 21.0 cents per share (1984: 21.0 cents) was declared on 27 May 1985, payable on 12 July 1985.

For and on behalf of the Board

A. M. Rosholt *(Executive Chairman)*
G. W. Dunningham *(Vice-Chairman)*
W. A. M. Clewlow *(Chief Operations Officer)*

Sandton, 27 May 1985

NOTICE OF REDEMPTION

To the Holders of

FINANCE FOR INDUSTRY LIMITED

(now Investors in Industry Group plc)

12½% Sterling/U.S. dollar payable Bonds 1989

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Paying Agents Agreement dated July 11, 1979 and the Terms and Conditions of the Bonds, Morgan Guaranty Trust Company of New York, as Principal Paying Agent, has selected by lot aggregate £2,250,000 principal amount of the above described Bonds for redemption on July 1, 1985, through operation of the Annual Redemption (£1,125,000) and the Optional Redemption (£1,125,000), at the principal amount thereof, together with accrued interest thereon as follows:

OUTSTANDING BONDS OF £1,000 EACH BEARING SERIAL NUMBERS ENDING IN THE FOLLOWING TWO DIGITS:

38 47 51 62 77 78 87 98

ALSO BONDS OF £1,000 EACH BEARING THE FOLLOWING SERIAL NUMBERS:

41	2241	4141	6141	8141	9941	11841	13641	15641	17541	22041	24641	26641	28941
141	2341	4241	6241	8241	10041	11941	13941	15741	17741	22241	24841	26741	28941
241	2541	4341	6341	8341	10241	12041	14041	15841	17941	22341	24941	26841	29841
341	2741	4441	6441	8541	10341	12141	14141	15941	18041	22641	25041	26941	
541	2841	4541	6541	8641	10441	12241	14241	16241	18141	22741	25241	27041	
741	2941	4641	6641	8741	10541	12441	14341	16341	18241	22841	25341	27141	
841	3041	4741	6841	8841	10641	12541	14441	16441	18341	22941	25441	27341	
941	3141	4841	6941	8941	10741	12641	14541	16541	18441	23141	25541	27441	
1041	3241	4941	7141	9041	10841	12741	14741	16641	18841	23241	25641	27541	
1141	3441	5041	7341	9141	10941	12841	14841	16741	18941	23341	25741	27641	
1341	3541	5441	7441	9341	11041	12941	14941	16841	20541	23641	25941	27841	
1441	3641	5641	7541	9441	11141	13041	15041	16941	20641	23741	26041	27941	
1641	3741	5741	7641	9541	11341	13141	15241	17041	20741	24041	26241	28141	
1741	3841	5841	7841	9641	11541	13241	15341	17141	20841	24141	26341	28241	
1941	3941	5941	7941	9741	11641	13441	15441	17241	21741	24341	26441	28441	
2141	4041	6041	8041	9841	11741	13541	15541	17441	21941	24541	26541	28741	

Said Bonds may be presented for payment to Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015 or to the other Paying Agents named on the Bonds.

Bonds surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due July 1, 1985 should be detached and collected in the usual manner.

PAYMENT WILL BE MADE ON JULY 1, 1985 AGAINST SURRENDER OF BONDS IN STERLING OR, AT THE OPTION OF THE BEARER, IN U.S. DOLLARS CALCULATED AS SET FORTH IN CONDITION 6 OF THE BONDS. SUCH OPTION TO RECEIVE DOLLARS IS IRREVOCABLE AND MAY BE MADE ONLY BY THE PRESENTATION AND SURRENDER OF SUCH BONDS, TOGETHER WITH A COMPLETED NOTICE OF EXERCISE OF DOLLAR OPTION, AT THE PRINCIPAL OFFICE OF ANY OF THE PAYING AGENTS NOT LATER THAN JUNE 20, 1985. INTEREST ON THE BONDS IS PAYABLE ONLY IN U.S. DOLLARS.

Payments will be made (i) in the case of any payment to be made in pounds sterling by a check drawn on, or by transfer to an account maintained by the payee with, a bank in London, subject in each case to any laws or regulations applicable thereto, and (ii) in the case of any payment to be made in U.S. dollars, at any agency outside New York City by a check drawn on a U.S. dollar account, or by transfer to a U.S. dollar account maintained by the payee with a bank in New York City, subject in each case to any laws or regulations applicable thereto. Any such payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8 in the case of non-U.S. persons or an executed IRS Form W-9 in the case of U.S. persons.

From and after July 1, 1985 interest shall cease to accrue on the Bonds herein designated for redemption.

INVESTORS IN INDUSTRY GROUP PLC
By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, *Principal Paying Agent*

Dated: May 29, 1985

FINANCIAL TIMES
Wednesday May 29 1985

EEC farm reforms stuck in the mud, Page 44

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WALL STREET

Unsettling struggle at threshold

AN UNSETTLING session on Wall Street yesterday saw the stock market again struggling to hold near the Dow Jones 1,300 level after failing to sustain an early advance, *writes Terry Byland in New York.*

A strong rise in bond prices, as the renewed slide in world oil prices signalled a reduction in inflationary pressure, was checked when the Federal Reserve unexpectedly drained liquidity with two-day matched sales when federal funds stood at 7 7/16 per cent.

The weakening of the stock market reflected Wall Street's worries over the outlook for corporate profits. Initially, stocks tried to respond to the continued fall in bond yields. The Dow average gained more than 5 in early trading to stand above the 1,307 level. But nervousness in the computer stocks unsettled the rest of the market, and early gains were replaced with losses.

The market remained on the downside throughout the session, but a rally towards the close took the Dow Jones industrial average above 1,300 again. The Dow ended a net 0.45 points down at 1,301.52.

Oil stocks gave ground on reports of a fresh cut in crude oil prices by Statoil, the Norwegian state agency which started the last round of world price reductions. At $53⅜, Exxon dipped $⅝ and Chevron, at $35, lost $½.

IBM opened firmly but later slid $½ to $130⅝ as Wall Street assessed the board's decision to slash prices for the slow-selling PCjr home computer and also the portable personal computer.

Apple Computer tumbled $1¼ to $16⅞, after the board's warning on third-quarter sales and profits prompted a second downgrading of earnings estimates for Apple by Dean Witter Reynolds.

The rest of the high-tech sector turned easier. Digital Equipment rallied, however, to $106. Control Data fell $½ to $30 and Wang Laboratories $½ to $17.

Other blue chips held steady around their current levels but made little further progress. Bank shares picked up after the bout of profit-taking selling at the end of last week.

United Airlines dipped $1⅛ to $47⅞ as hopes of a settlement of the pilots' strike faded. But other air carriers, believed to be benefiting from increased traffic during United's strike, edged forward again, led by American, $⅜ better at $45⅝, and Delta $½ up at $47.

Motor and chemical stocks also showed minor gains at midsession. Pharmaceuticals came in for profit-taking, which trimmed $½ off Merck at $108⅝ and $½ off Pfizer at $48⅝. SmithKline Beckmann reversed last week's gain after a leading analyst recommended taking profits after federal approval for its anti-arthritic medication and at $68⅜ lost $2⅛.

Upjohn gave up $4⅝ to $105⅝, as investors re-assessed prospects for its Minoxodil hair growth drug, which still awaits full federal approval.

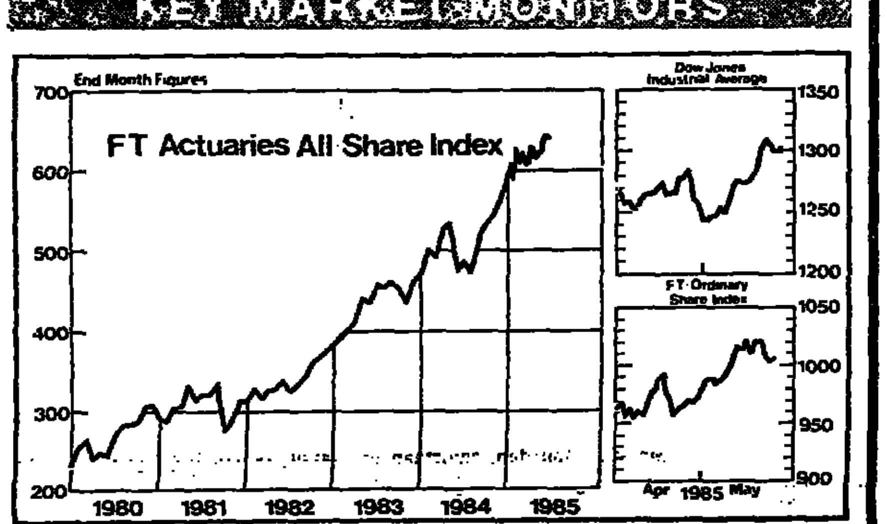
Litton Industries bounded ahead $6⅝ to $83⅜ on plans to buy back more than one third of the issued stock. Telerate, holder of 28 per cent of Litton's equity, jumped $4¼ to $253¼.

TWA, awaiting the next move from Mr Carl Icahn, gained $1⅛ to $17½. CBS moved up $2⅜ to $112⅜ despite the lack of further developments from Mr Ted Turner, the bidder. At $40½, Crown Zellerbach shed $¼ after the board agreed restructuring plans with Sir James Goldsmith, a 25 per cent stockholder.

Gains in the bond market ranged to a full point and more as retail buyers came into the market in the first hour of trading. But the Fed's action to drain reserves took the wind out of the market, and prices turned smartly back as buyers disappeared.

The short-end was helped by a lower federal funds rate, which remained at 7⅜ per cent after the Fed's intervention. Money market rates weakened, but Treasury bills showed little change from Friday's close.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	May 28	Previous	Year ago
DJ Industrials	1,301.52	1,301.97	1,107.10
DJ Transport	628.10	627.55	462.76
DJ Utilities	162.29	161.98	123.55
S&P Composite	187.85	183.49	151.62
LONDON			
FT Ord	1,006.5	1,001.6	826.2
FT-SE 100	1,317.4	1,313.8	1,055.5
FT-A All-share	635.76	634.53	494.87
FT-A 500	697.79	695.49	541.59
FT Gold mines	455.4	477.3	680.5
FT-A Long gilt	10.77	10.77	10.89
TOKYO			
Nikkei-Dow	12,694.93	12,642.7	10,116.0
Tokyo SE	992.35	989.63	790.35
AUSTRALIA			
All Ord.	885.1	878.7	678.0
Metals & Mins.	558.3	551.4	453.0
AUSTRIA			
Credit Aktien	97.27	96.79	54.91
BELGIUM			
Belgian SE	2,335.86	2,305.85	—
CANADA			
Toronto			
Metals & Minls	2,014.06	2,028.6	1,938.0
Composite	2,739.06	2,733.1	2,215.5
Montreal			
Portfolio	134.13	134.10	106.43
DENMARK			
SE	192.20	193.04	179.73
FRANCE			
CAC Gen	228.8	227.3	171.5
Ind. Tendance	127.7	126.5	87.9
WEST GERMANY			
FAZ-Aktien	445.63	446.23	346.06
Commerzbank	1,304.2	1,303.8	1,005.5
HONG KONG			
Hang Seng	1,570.84	1,557.78	919.31
ITALY			
Banca Comm.	308.92	310.30	206.53
NETHERLANDS			
ANP-CBS Gen	210.7	209.1	157.1
ANP-CBS Ind	171.0	169.8	125.5
NORWAY			
Oslo SE	336.28	336.59	265.06
SINGAPORE			
Straits Times	815.20	814.91	956.12
SOUTH AFRICA			
JSE Golds	–	1,042.5	998.4
JSE Industrials	–	969.8	973.5
SPAIN			
Madrid SE	109.61	110.24	85.19
SWEDEN			
J & P	1,364.61	1,371.98	1,409.15
SWITZERLAND			
Swiss Bank Ind	432.5	435.8	360.6
WORLD	May 24	Prev	Year ago
Capital Int'l	210.7	210.4	176.1

GOLD (per ounce)

	May 28	Prev
London	$309.75	$314.75
Zürich	$311.25	$314.975
Paris (fixing)	$313.32	$315.90
Luxembourg	$314.25	$317.25
New York (June)	$310.30	$314.80

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	May 28	Previous	May 28	Previous
$	–	–	1.2515	1.26
DM	3.113	3.092	3.895	3.89
Yen	251.55	251.05	314.75	316.5
FFr	9.485	9.435	11.865	11.8725
SwFr	2.6185	2.6055	3.2825	3.2775
Guilder	3.5095	3.494	4.3925	4.3925
Lira	1,981.5	1,977.5	2,480.0	2,490.5
BFr	62.65	62.35	78.35	78.3
C$	1.3785	1.3745	1.725	1.7275

INTEREST RATES

	May 28	Prev
Euro-currencies (3-month offered rate)		
£	12 11/16	12 11/16
SwFr	5 7/16	5 7/16
DM	5¾	5¾
FFr	10 5/16	10 5/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	7 15/16	8 1/16
6-month U.S.$	8¼	8⅜
U.S. Fed Funds	7¾	7 15/16
U.S. 3-month CDs	7.50	7.85
U.S. 3-month T-bills	7.18	7.18

U.S BONDS

Treasury	May 28* Price	May 28* Yield	Prev Price	Prev Yield
9¼ 1987	100 3/32	9.055	100	9.125
11⅜ 1992	107 19/32	10.53	106 15/32	10.41
11¼ 1995	105 7/32	10.40	104 5/32	10.57
11¼ 2015	104 23/32	10.72	103 19/32	10.84
Corporate	May 28*		Prev	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	100½	10.25	100½	10.25
3⅞ July 1990	80¼	8.75	80¼	8.75
8¾ May 2000	82	11.25	82	11.25
Xerox				
10⅝ March 1993	98½	10.90	98½	10.90
Diamond Shamrock				
10⅝ May 1993	96½	11.30	96½	11.30
Federated Dept Stores				
10⅝ May 2013	92	11.20	92	11.20
Abbot Lab				
11.80 Feb 2013	102¼	11.55	102¼	11.55
Alcoa				
12¼ Dec 2012	101⅜	12.05	101⅜	12.05

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%				
June	76–12	76–16	75–27	75–12
U.S. Treasury Bills (IMM)				
$1m points of 100%				
June	92.81	92.91	92.80	92.83
Certificates of Deposit (IMM)				
$1m points of 100%				
June	92.40	92.45	92.37	92.32
LONDON				
Three-month Eurodollar				
$1m points of 100%				
June	92.16	92.16	92.07	92.03
20-year Notional Gilt				
£50,000 32nds of 100%				
June	105–06	105–16	105–06	105–14

COMMODITIES

(London)	May 28	Prev
Silver (spot fixing)	487.20p	486.70p
Copper (cash)	£1,191.00	£1,184.50
Coffee (July)	£2,092.50	£2,094.50
Oil (spot Arabian light)	$26.725	$26.625

TOKYO

Twin spur to record heights

SPURRED by strong buying of large-capital and selected biotechnology-related issues, the Nikkei-Dow average surged to an all-time high in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The market indicator soared 52.20 to 12,694.93, on a volume of 682m shares, up from Monday's 412m. The active trading reflected the interest in large-capital stocks.

In line with the Japanese Government's policy to stimulate demand to ease trade tensions with the U.S., securities companies are poised to make property, electric power and gas utilities and housing companies the main focus of June trading.

Institutional and individual investors have begun to seek these issues in anticipation of higher prices, prompting yesterday's growth in volume.

The market was also buoyed by active buying of Asahi Chemical, triggered by speculation over its clinical testing of human tumor necrosis factor (TNF), an anti-cancer protein. The stock climbed Y40 to Y1,060 on the largest volume for the day of 44.95m shares.

Moving in sympathy, Mitsubishi Chemical gained Y32 to Y548, Sumitomo Chemical firmed Y20 to Y278 and Kuraray rose Y60 to Y1,180.

However, Mochida Pharmaceutical, a speculative investors' favourite, dropped Y490 to Y10,500.

Electric utilities opened weaker amid speculation of lower profits for the current business year but were bought in the afternoon as large-capital issues gained popularity. Tokyo Electric Power put on Y30 to a record Y2,000, and Kansai Electric Power added Y10 to Y1,710. However, Tokyo Gas shed Y3 to Y214.

Some off-the-book asset issues also gained strength. Nippon Express added Y11 at Y409 on the fifth largest volume of 21.32m shares. Mitsubishi Estate surged Y44 to Y740, and Mitsui Real Estate rose Y30 to Y829.

Private electric railways and warehouses firmed on further appreciation of hidden assets.

Mitsubishi Heavy Industries, the most active stock on Monday, gained Y1 to Y291 with 39.77m shares changing hands.

Blue chips were generally bearish. NEC advanced Y40 to Y1,080 following reports that it had outclassed Fujitsu in recurring profit for the last business year. By contrast, Hitachi shed Y10 to Y768, and Sony moved down Y50 to Y4,090.

The bond market was quiet in the absence of fresh incentives. The yield on the benchmark 7.3 per cent government bond due in December 1993 rose from 6.570 per cent to 6.585 per cent on profit-taking by agricultural and forestry financial institutions and some trust banks.

AUSTRALIA

A WEAKER Australian dollar injected much needed support in Sydney as hopes of strong foreign buying increased and left the All Ordinaries index 6.4 up at 885.1.

Resource issues led the advance, with BHP gaining 16 cents to A$6.46. CRA rose 14 cents to A$6.64 while CSR advanced 6 cents to A$2.76

MIM Holdings and Western Mining scored 7-cent rises to A$3.12 and A$4.12 respectively while North Broken Hill finished 4 cents stronger at A$2.47. Bougainville Copper was unchanged at A$2.25.

Media issues moved against the trend with sharp losses. News Corporation continued its recent decline with a further 20-cent drop to A$7.30 while John Fairfax lost 20 cents to A$7.40.

Cereus Australia, the holding company that is taking control of the Sing Tao newspaper group of Hong Kong, gained A$1.50 to A$11.50.

Brewer Castlemaine Tooheys, involved in a share swap deal with Allied Lyons last week, dipped another 22 cents to A$5.10.

SINGAPORE

SCATTERED buying from private investors helped Singapore regain its poise and reversed an early fall in the Straits Times industrial index which finished 0.29 up at 815.20.

Speculative issues dominated. Sealion led the actives with a 7-cent rise to S$2.07 while G.I. Holdings, also active, held steady at S$2.33. Among mixed banks, DBS traded 5 cents higher to S$6.15 as OCBC and Malayan Banking lost 10 cents each at S$9.20 and S$6.15.

Elsewhere, Haw Par picked up 7 cents to S$2.40, Pan-Electric added 3 cents to S$2.67 and Jurong Engineering finished 2 cents stronger at S$2.08.

EUROPE

Endurance tested at peaks

THE BULLISH trend that has forced most European bourses steadily forward over recent weeks endured the long holiday weekend and yesterday helped a broad range of equities to reach record levels.

In Frankfurt the Commerzbank index moved to its seventh consecutive all-time high, adding 0.4 to 1,304.2 and lifting the increase since the beginning of this month to 91.1.

Trading withstood the impact of profit-taking, balanced by the continued presence of foreign buying interest, particularly from Switzerland.

Chemical stocks were topped by Hoechst with a DM 2.90 rise to DM 231, followed by Bayer with a DM 2 improvement to DM 226.80 and BASF up DM 1.50 to DM 215.70.

Varta led the electricals, jumping DM 9 to DM 232, while AEG added DM 1.50 to DM 126 and Brown Boveri DM 2.50 to DM 215.

Automotive stocks, which were the focal point of last week's overseas interest, fell to local profit-taking. BMW dropped DM 5 to DM 392 and Daimler-Benz DM 3 to DM 792.

Insurer Allianz fell DM 3 to DM 1,259 despite news that 1985 profits will at least match last year's, while banks performed well below last week's level and closed mixed.

Bond prices were little changed in thin turnover as foreign interest remained at a minimum. The Bundesbank bought DM 6m in paper compared with Friday's sales of DM 28.2m.

A call by M Pierre Bérégovoy, the French Finance Minister, for a further reduction in domestic interest rates, coupled with a fall in the call money rate, inspired spirited buying in Paris. The CAC Générale index firmed 1.5 to 228.8 – its fourth consecutive improvement.

Au Printemps led a strong retail section with a FFr 15.50 rise to FFr 270.50 while Carrefour added FFr 65 to FFr 2,365.

Consolidation of recent increases restrained trading in Zurich with declines almost equal to rises at the close.

Among quietly traded banks, UBS added SwFr 20 to SwFr 3,900 while Crédit Suisse rose SwFr 5 to close at SwFr 2,595.

Stocks rose across the board in Brussels, in response to a reduction in official interest rates. Industrials and chemicals were among the best supported issues.

Amsterdam's underlying strength held share prices modestly higher in active business, generated from local sources.

Among internationals, Unilever firmed Fl 3.50 to Fl 348.50, and Royal Dutch was Fl 1.80 higher at Fl 199.60 after slipping from a high of Fl 200.00.

Weakness remained in Stockholm as domestic economic factors continued to cloud industry's outlook. Electrolux moved against the trend to add SKr 3 to SKr 274 followed by Volvo which shared a SKr 3 improvement to SKr 235.

In Oslo trading was suspended in the shares of Borregaard and Kosmos after speculation that the groups may merge.

Milan closed lower in light trading, and in Madrid all sectors eased, with banks among the most actively traded.

HONG KONG

A LATE FORAY by profit-takers trimmed some of the gains in Hong Kong and left the Hang Seng index 13.06 up at 1,570.84, after a midday rise of over 24 points.

Progress was made by utilities as Hongkong Telephone added HK$1.50 to HK$93 and Hongkong Electric firmed 5 cents to HK$8.20. In banks, Hongkong and Shanghai rose 5 cents to HK$8.05, Bank of East Asia lost HK$1.30 to HK$26 and Hang Seng weakened 25 cents to HK$49.75.

The property sector firmed across a broad front. Cheung Kong added 20 cents to HK$16.30, Hongkong Land rose 5 cents to HK$5.60 and Sun Hung Kai finished 20 cents higher at HK$11.80.

LONDON

Equities regain composure

THE RESUMPTION of trading in London after the holiday weekend saw equities regain their composure following the nervousness that affected recent sessions. Oil price concern, the reputed cause of last week's unease, were allayed by denials of imminent cuts in crude oil prices.

The FT Ordinary index marked time for most of the day and strengthened near the close to end a net 4.9 higher at 1,006.5.

The market in gilts picked up from where it left off last week. Interest was sparse and fell on index-linked issues and the specialist low-coupon stock Transport 3 per cent 1978/88.

Much of the interest in equities surrounded speculative and situation stocks. Stores were active again with Harris Queensway, up 10p to 254p, the subject of considerable takeover speculation.

Chief price changes, Page 36; Details, Page 37; Share information service, Pages, 38–39

CANADA

THE LOSS on Wall Street was resisted by Toronto which posted its second highest close ever in very heavy turnover.

The composite index ended 5.90 up at 2,739.06, just below last Tuesday's record close of 2,739.76, but down from the day's high of 2,747.36.

Canadian Pacific was actively traded, up C$¼ to C$20½, Dome Petroleum ended up 10 cents at C$3.25, Transalta climbed C$⅛ to C$26⅞ and Maclean-Hunter rose C$⅛ to C$13⅜.

Banks led a firmer Montreal with utilities and industrials following suit.

SOUTH AFRICA

GOLDS staged a late recovery in Johannesburg despite a fall in the bullion price.

Harmony finished 25 cents higher at R29.95 although Buffels eased R1 to R83 and Driefontein lost 25 cents to R50.25.

Platinums and industrials were also mixed, but mining financials ended weaker

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16	AAR	.48	2.6	14	84	18⅞	18⅜	18½	+½
18½	9⅜	AGS			11	47	13½	12¾	12¾	−1
18¾	9⅝	AMCA				4	11	11	11	+⅛
21½	13¾	AMF	.50	2.7	54	224	18⅞	18¾	18¾	−⅛
47⅛	24¼	AMR			10	3556	45¾	45	45⅝	+⅝
21½	18⅝	AMR pf	2.18	10.		233	21½	21¼	21¼	-
25⅞	22⅞	ANR pf	2.67	11.		4	24	24	24	+¼
14¼	7¾	APL				6	9⅜	9⅛	9⅛	−⅜
65¼	44⅜	ASA		24.0		426	50⅛	49⅝	49¾	−⅝
27	14⅛	AVX	.32	2.1	12	50	15⅜	15	15⅛	
24⅞	18	AZP	2.72	11.	7	3090	24¾	24⅜	24½	+⅛
54⅜	36¾	AbtLab	1.40	2.6	16	867	54⅜	53¼	53⅞	−¼
25⅞	17	AccoWd	.44	2.0	16	120	21¾	21⅜	21½	−⅛
20¼	12½	AcmeC	.40	2.8		43	14½	14¼	14½	+¼
10½	7⅜	AcmeE	.32b	4.0	10	18	8⅛	8	8	
17½	15	AdaEx	1.92e	11.		106	17⅛	16⅞	17	−⅛
20	11⅞	AdmMl	.32	2.1	6	8	16	15½	15½	−⅜
19½	8⅝	AdvSys	.53t	5.0	17	56	10⅝	10½	10⅝	+¼
41⅛	25⅛	AMD			12	1359	29⅝	28⅝	28¾	−½
12¾	6⅞	Advest	.12	1.4		87	9¼	8⅞	8⅞	−¼
14⅝	8½	Aerflex			12	44	12¾	12½	12¾	+⅛
46⅝	27¼	AetnLf	2.64	5.8	33	1958	46	45½	45½	+⅛
57¾	52⅜	AetL pf	5.63e	10.		697	56¼	55¾	56¼	+¼
36	15¾	Ahmns	1.20	3.6	14	378	34	33⅝	33¾	+¼
3⅝	2½	Aileen			23	28	3⅛	3	3	
53½	38⅝	AirPrd	1.20	2.3	11	306	52⅝	51¼	51⅜	−1
24⅜	13	AirbFrt	.60	2.8	12	181	21⅝	21¼	21½	+¼
2	1	AlMoa s			23	55	1¾	1⅝	1⅝	
33⅜	26¾	AlaP pfA	3.92	12.		17	33¼	32¾	33	−¼
8	6	AlaP dpf	.87	11.		34	7⅞	7¾	7¾	
78¼	61½	AlaP pf	9	12.		z210	77	77	77	+1
103¼	85¼	AlaP pf	11	11.		z50	102½	102½	102½	
70	56	AlaP pf	8.28	12.		z200	70	69¼	69¼	+¼
16⅛	11	Alagsc	1.04	7.1	8	4	14⅞	14¾	14¾	−¼
22⅞	9¼	AlskAir	.14	.6	9	271	21¾	21½	21⅝	−¼
18¾	10½	Albrto s	.38	2.2	19	68	17¼	16¾	17¼	+¼
33¼	23⅛	Albtsns	.76	2.4	13	743	31¾	31⅜	31⅜	−¼
31¼	23¼	Alcan	1.20	4.7	13	1226	26⅛	25¾	25¾	−¼
36⅛	27⅛	AlcoStd	1.20	3.6	12	462	34⅛	33⅝	33¾	−¼
32	17	AlexAlx	1	3.7		413	27¾	27¼	27⅜	+⅛
26½	20⅜	Alexdr			20	2	23½	23½	23½	−¼
89½	72¼	AligCp	2.06t	2.7	24	85	77¾	77	77⅝	+⅜
28¾	18¾	AlgInt	1.40	5.6		46	25¼	25	25	−¼
20	15¼	Algin pf	2.19	11.		12	19¾	19⅝	19⅝	−¼
97½	81	Algl pfC	11.25	12.		6	96⅞	96⅞	96⅞	+⅜
33⅜	24⅝	AllgPw	2.70	8.4	9	769	32⅜	32¼	32¼	
20⅞	15¾	AllenG	.60b	3.2	14	19	18¾	18½	18½	−⅛
46¾	26¼	AlldCp	1.80	4.4	8	2488	40⅞	40¼	40½	
66	53⅞	AldCp pf	6.74	11.		117	63⅜	62½	62½	−½
113¼	99	AldCp pf	12	11.		7	109½	109¼	109¼	−¼
106⅜	100¾	AldC pf	12.31e	12.		153	102⅜	102⅛	102¼	+¼
23½	13⅛	AlldPd			16	18	17¾	17½	17½	−⅜
59½	38	AlldStr	2.12	3.8	8	838	56½	55¾	56	
12⅜	5⅛	AllsCh				248	6½	6	6½	+⅝
34⅝	24	AlisC pf				80	32½	29½	32½	+3⅜
27⅝	20	ALLTL	1.84	6.8	9	80	27¼	26⅞	27	
35½	27⅛	ALLT pf	2.06	5.8		3	35½	35½	35½	
39⅞	29¾	Alcoa	1.20	3.7	16	459	33	32⅜	32½	+⅛
23	15½	Amax	.20	1.2		1247	16⅞	16⅜	16⅞	+⅜
40	32½	Amax pf	3	9.0		1	33½	33½	33½	
34	22¾	AmHes	1.10	3.8	20	2087	29⅛	28½	28¾	−½
2¾	1¼	AmAgr				242	2	1¾	2	
21½	15⅛	ABakr			9	278	21½	20¾	21	−⅜
70	53	ABrand	3.90	5.9	9	537	67¼	65¾	66⅛	−⅝
28	24⅝	ABrd pf	2.75	9.8		329	28	28	28	+¼
115	55¾	ABdcst	1.60	1.4	17	1055	110¾	110½	110⅝	
26⅝	19½	ABldM	.86	3.3	13	15	26⅜	26⅛	26⅛	−⅛
27⅛	20⅛	ABusPr	.64	2.6	14	7	25	24⅞	24⅞	−¼
56⅝	40½	AmCan	2.90	5.1	11	351	56⅝	56¼	56⅝	+⅜
25¾	21½	ACan pf	2.80	11.		12	25½	25⅛	25⅛	−¼
50	37	ACan pf	3	6.0		5	49¾	49¾	49¾	+¼
113½	103	ACan pf	13.75	12.		9	113½	113½	113½	
20½	18¾	ACapBd	2.20	11.		73	20⅜	20⅛	20⅛	
30⅞	25⅛	ACapCv	2.51e	8.4		10	30	29⅞	29⅞	
11	6½	ACentC			188	21	7½	7¼	7½	+¼
56¼	43⅝	ACyan	1.90	3.5	13	1598	54⅞	54	54½	−¼
29¾	18¾	ADT	.92	3.8	24	40	24⅝	24⅛	24⅛	−⅜
22⅞	15⅛	AEIPw	2.26a	9.9	9	4556	u23	22½	22⅞	+⅛
46⅛	25	AmExp	1.28	2.8	16	7737	45⅜	44½	45⅜	+1¼
32⅜	14¾	AFamil	.64b	2.0	14	368	31½	31¼	31⅜	+⅛
35½	19⅝	AGnCp	1	2.9	10	852	34⅞	34⅜	34¾	+⅜
15⅜	6	AGnl wt				31	14⅝	14⅜	14⅝	+¼
96½	58¾	AGnl pfB	5.87e	6.2		6	94¼	94¼	94¼	+1⅝
71¼	40¼	AGn pfD	2.64	3.8		176	70¼	69¼	70	+1½
32¾	25⅜	AHerit	1.20	3.8	9	11	31½	31	31½	+¾
12⅛	7½	AHoist				18	9⅞	9⅞	9⅞	
63⅜	46¾	AHome	2.90	4.5	13	2194	u64¼	63¾	64⅛	+¾
38	26¼	AHosp	1.12	3.5	10	1033	32¼	31½	31⅞	−⅜
90⅛	62⅞	Amrtch	6.60	7.5	9	423	89	88½	88½	
87¼	52	AInGrp	.44	.5	23	1170	83⅝	82	82¼	−1
144	112½	AIGp pf	5.85	4.2		117	140¾	140¾	140¾	
28⅛	18½	AMI	.72	3.0	12	2318	24½	23⅝	23⅝	−⅝
5½	2⅞	AmMot				1890	3⅛	2⅞	3	
43½	23¾	APresd		2.9	3	222	25⅝	25⅜	25½	
29	16½	APres wi				3	17⅜	17⅜	17⅜	−⅛
13⅞	5	ASLFla			5	26	5⅞	5¾	5⅞	−⅛
18½	12¼	ASLFl pf	2.19	17.		47	13½	13¼	13¼	−⅜
16	10⅜	AShip	.80	6.9	9	83	11⅞	11⅝	11⅝	−⅜
35⅜	22⅞	AmStd	1.60	5.4	10	162	30¼	29⅞	29⅞	−⅜
59	26½	AmStor	.64	1.1	10	965	u59⅞	59⅛	59¼	+⅜
70	46⅛	AStr pfA	4.38	6.3		10	70	70	70	+½
56⅝	51	AStr pfB	6.80	12.		11	55⅞	55¾	55¾	−⅛
24¼	15	AT&T	1.20	5.0	18	20052	24⅛	22¾	24	+¾
40	30½	AT&T pf	3.64	9.3		118	39½	39¼	39¼	−⅛
40¾	31½	AT&T pf	3.74	9.2		33	40½	40⅛	40½	+½
27¾	15	AWatr s	1	3.8	9	65	26⅜	26	26	−⅜
12¼	10	AWat pf	1.25	10.		z240	12	12	12	
12½	10	AWa 5pf	1.25	10.		z40	12	12	12	+¾
26½	19½	AmHotl	2.40	12.	8	124	20⅞	20¼	20¼	−¼
71⅝	53¾	ATrPr	5.64	8.0		58	70⅝	70⅜	70⅝	+⅝
13⅜	4⅝	ATrSc				76	u14	12⅞	14	+¾
85½	58¼	ATrUn	5.64	6.7		430	83¾	83	83¾	+¾
36	26½	Ameron	1.60	4.6	8	26	34½	34½	34½	
48	20	AmesDs	.20	.4	22	411	45¾	44¾	45⅛	−⅞
29½	21¾	Ametek	.80	3.1	13	125	26	25¾	25¾	−⅛
27⅛	18⅛	Amfac				95	26⅜	26⅛	26⅛	
16	8⅝	Amfesc			6	32	9¾	9½	9½	
69	50¼	Amoco	3.30	5.3	8	1693	64⅛	62½	62½	−1½
38½	26⅛	AMP	.72	2.2	19	627	33⅜	32¼	32¼	−1
24	11⅞	Ampco	.30	2.3	17	20	13	12¾	12⅞	−⅛
20⅛	12⅜	Amreps			8	8	18½	18½	18½	
31¾	19	AmSth	1.40	4.6	8	15	30⅜	30⅛	30⅜	−⅛
43½	25⅝	Amsted	1.60	3.8	14	150	42⅞	42¼	42⅝	+½
4¼	1⅜	Anacmp				1052	3⅝	3⅜	3⅝	+¼
24⅛	15⅞	Anlog s			19	983	22	21⅝	21⅞	
30¾	19¼	Anchor	1.48	6.3		265	23⅝	23⅛	23½	+⅛
42⅜	24½	AnClay	1.32	3.4	34	48	39⅜	39	39	
12¼	9⅝	AndrGr	.20	1.7	15	66	11⅞	11¾	11¾	
24½	16¾	Angelic	.56	2.5	12	62	22½	22	22	−⅞
87	59¾	Anheus	2	2.3	11	1025	u87¾	87	87½	+½
29	19⅞	Anheu wi				37	u29¼	29¼	29¼	+¼
61¼	45¾	Anheu pf	3.60	5.9		425	u61⅝	61¼	61½	+½
19¾	13½	Anixtr	.28	1.9	18	89	15¼	15	15⅛	
16¾	8⅞	Anthem	.04	.3	14	94	12⅜	12⅛	12¼	−⅛
15¼	10⅞	Anthny	.44b	3.5	8	x11	12½	12½	12½	−⅛
13⅞	9¼	Apache	.28	2.5	11	246	11½	11⅛	11⅛	−¼
2⅜	½	ApchP wt				89	1½	1⅜	1½	+⅛
19⅞	15⅛	ApchP un	2.10	11.		211	19⅛	19	19⅛	+⅛
68	55½	ApPw pf	8.12	11.		z640	u70¾	70¾	70¾	+2¾
32¾	27¼	ApPw pf	4.18	13.		23	32¾	32⅛	32½	−⅛
30½	26	ApPw pf	3.80	13.		2	29⅞	29⅞	29⅞	−⅜
39½	17¾	AplDta	1.76t	4.8	20	221	36¾	36⅜	36½	+¼
15	8	ApplMg				197	14¼	13⅞	13⅞	−¼
22	15⅜	ArchDn	.14b	.7	14	537	21⅜	21	21¼	
30¼	23½	AriP pf	3.58	12.		25	29¾	29¼	29½	
23⅜	14	ArkBst	.40	2.0	8	35	20½	20	20½	+⅝
24¼	16	Arkla	1.08	5.1	20	557	21¾	21⅛	21⅜	−⅛
15-16	¼	ArlnRt				88	15-32	7-16	7-16	−1-32
17	6¾	Armco				1309	7⅝	7½	7⅝	+⅛
26¼	15½	Armc pf	2.10	12.		11	18¼	18	18	−¼
24⅛	15¾	ArmsRb	.48	2.4	9	252	20⅛	19⅝	19⅝	−¾
38	22⅞	ArmWin	1.30	3.5625		312	37⅝	37¼	37½	+⅛
34⅛	19	AroCp	1.20	4.1	7	15	29¼	28⅞	29¼	+¼
25¼	12¾	ArowE	.20	1.5	9	258	13¾	13½	13½	−⅛
27⅞	16	Artra	.22	.8263		30	26½	26	26¼	−⅛
23⅜	14¼	Arvin s	.80	3.7	8	346	21⅞	21⅝	21⅝	
27¾	17⅝	Asarco				280	23¾	23⅛	23⅜	−½
31⅞	20¾	AshlOil	1.60	5.4		196	29¾	29⅛	29¾	+½
44¾	33⅜	AshlO pf	4.50	10.		29	43¾	43¾	43¾	+¼
41	31½	AshlO pf	3.96	10.		7	39⅛	39	39	−¼
68	45⅛	AsdDG	2.60	3.9	11	706	67⅜	66¾	67	−½
107½	73¼	AsdD pf	4.75	4.4		169	107¼	107¼	107¼	−¼
24¾	18⅜	Athlone	1.60	7.4	10	4	21¾	21⅝	21⅝	−¼
28¾	19⅞	AtCyEl	2.48	8.9	9	78	27¾	27⅝	27¾	+⅛
64¼	40⅝	AtlRich	4	6.6	28	7866	60⅞	60½	60⅞	
434½	284	AtlRc pf	3	.7		6	411½	411¼	411½	+½
38½	32½	AtlRc pf	3.75	9.7		z200	u38¾	38¾	38¾	+¼
153	97	AtlRc pf	2.80	1.9		8	145⅜	144¾	145	+⅞
16½	11⅞	AtlasCp				266	12½	12	12	−½
32½	18¾	Augat	.40	1.8	19	760	22	21¾	22	+⅜
48⅝	32⅛	AutoDt	.68	1.5	19	372	46¼	45¾	46	−¼
5	4¼	Avalonn			7	364	4⅜	4¼	4⅜	
29¼	15⅝	AVEMC	.60	2.1	14	43	28	27⅝	28	
39⅜	23¾	Avery	.60	1.9	13	360	33	32	32¼	−⅝
15⅝	10	Aviall n			7	25	12⅞	12⅝	12⅝	−⅜
41	27	Avnet	.50	1.7	13	381	29¾	29⅜	29½	
25⅝	19⅛	Avon	2	10.	9	2262	20	19⅝	19¾	−⅛
30⅝	18	Aydin			10	39	18¾	18½	18¾	
		B B B								
18⅝	10	BMC	.48	4.1		129	11¾	11⅝	11⅝	
35½	19⅝	Bairnc s	.50	1.6	12	105	31½	30¾	30¾	−½
21½	15	BkrIntl	.92	5.2	15	1007	18⅜	17⅝	17¾	−⅝
24¾	18⅜	Baldor	.36	1.7	13	x35	20¾	20⅝	20⅝	+⅛
2½	⅝	vjBaldU				153	1¾	1⅝	1⅝	
9	2	vjBldU pf				1	5½	5½	5½	
52⅜	29¾	BallCp	1.28	2.5	12	108	51⅛	50¼	50¼	−¾
23⅛	11⅛	BallyMf	.20	1.4		715	15	14¾	14¾	−⅛
13⅞	7⅜	BallyPk			11	17	9⅞	9¾	9⅞	+⅛
45⅛	30¾	BaltGE	3.40	7.6	8	536	45⅛	44¾	44⅞	+¼
34⅛	21	BncOne	1.10	3.5	11	139	31⅝	31⅜	31⅜	−⅛
10½	8⅝	BncCtr n	.52e	5.5	8	2	9½	9½	9½	
5⅝	3¼	BanTex				378	3½	3¼	3⅜	−⅛
62	42½	Bandag	1.20	2.1	12	16	57⅛	56⅞	56⅞	
51¼	29	BkBos	2.40	4.9	5	181	49¼	49	49	−½
55	49	BkNE dpf	5.68e	11.		41	54	54	54	−¼
43⅞	28¼	BkNY	2.04	4.7	7	102	43⅞	43½	43¾	+½
30⅛	15⅝	BnkVa s	1	3.3	10	137	30⅛	29⅞	29⅞	−¼
22¾	14½	BnkAm	1.52	7.1	12	2284	21¾	21¼	21½	+¼
49½	40	BkAm pf	5.13e	11.		236	45¾	45	45¾	+½
16½	11¼	BkAm pf	2.88			50	15¾	15½	15¾	+⅛
32½	29⅞	BkARty	2.40	7.9	13	9	30½	30½	30½	+⅛
75⅝	38	BankTr	2.70	3.9	7	4440	70⅛	69	70⅛	+1⅛
25⅜	19⅜	BkTr pf	2.50	9.9		3	25⅜	25⅜	25⅜	+⅛
13	7½	Banner	.03e	.2	17	166	13	12¼	12¾	−¼
32¼	19	Bard	.44	1.4	13	157	31¾	31¼	31⅝	+⅛
24½	18	BarnGp	.80	3.7	9	32	21½	21¼	21½	+¼
39¼	22	Barnets				184	38¾	36½	38¾	
33⅝	19½	BaryWr	.60	2.8	15	200	22⅜	21⅝	21⅝	−1
13⅜	8¾	BASIX	.12b	1.0	12	75	11⅞	11⅝	11⅝	−⅛
31¼	17⅝	Bausch	.78	2.5	18	x455	31¼	30½	30¾	−¼
18⅛	11¾	BaxtTr	.37	2.5	62	2382	15¼	14⅞	14⅞	−⅜
25½	17⅝	BayFin	.20	.9	43	90	23	22¾	23	+⅜
34	21½	BayStG	2.60	7.9	9	32	33⅛	32⅛	32¾	+¼
38¾	28¾	Bearing	1	2.9	12	43	35	34¾	35	+¼
32¼	24⅞	BeatCo	1.80	5.9	6	2854	31⅞	30⅝	30⅝	−1¼
59¾	46½	Beat pf	3.38	6.0		11	59	56½	56½	−2½
15⅞	12	Becor	.44	3.2	52	84	13⅞	13½	13⅝	−¼
53	30¾	BectnD	1.20	2.3	15	221	52⅞	52⅛	52⅛	−½
8⅝	4⅝	Beker				161	5⅛	5⅛	5⅛	−⅛
11	9⅜	Beker pf	1.70	19.	26	9½	d	8¾	8⅞	−½
17⅜	12½	BeldnH	.40	2.7	9	x38	14⅞	14⅝	14¾	
33½	22⅛	BelHwl	.56	1.8	11	699	32⅛	31½	31⅞	
32¼	22	BelHw pf	.67	2.1		5	32	31½	32	+½
90⅞	66⅞	BellAtl	6.80	7.7	9	532	89¼	88½	88½	
31½	22½	BCE g	2.28			1694	u31⅝	31¼	31⅜	−⅛
27¼	19⅝	BellInd	.32	1.4	14	3	22⅛	22⅛	22⅛	+⅛
40¾	27¼	BellSo	2.80	7.2	9	4011	39¼	38¾	39	−⅛
57	40¾	BeloAH	.80	1.5	26	96	54⅛	53⅞	54	
30	21⅝	Bemis	1	3.4	11	7	29⅞	28¾	29¾	−¼
41¾	23	BenfCp	2	5.0	10	1047	40½	40⅛	40⅛	−¼
40	32	Benef pf	4.50	12.		z200	38⅛	38⅛	38⅛	−⅜
184½	104½	Benef pf	5.50	3.1		z10	180	180	180	−4
19⅞	17¾	Beneqtn				1	18¾	18¾	18¾	−¼
7¼	3¼	BengtB	.07j			127	4⅞	4¾	4¾	−⅛
6¾	3⅞	Berkey			74	40	6¾	6⅝	6⅝	−⅛

Continued on Page 35

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7¼	3⅛	ADI n			22	61	5¼	5¼	5¼	−⅛
18½	8¼	AL Lab	.20	1.3	13	82	16½	15⅝	15⅝	−⅞
22⅝	12	AMC n	.12	.7	13	1	17⅝	17⅝	17⅝	
5⅞	2⅜	AM Intl				459	4⅛	3⅞	4	−⅛
84	68	ATT Pd5.07e		6.1		142	83⅜	82⅞	83⅜	+⅞
6	2⅛	AcmePr				5	3	3	3	
13⅝	8½	AcmeU	.32	3.2	19	43	10¼	10⅛	10⅛	−⅛
18¼	9¾	Action			32	23	11⅛	10⅞	10⅞	−⅛
6⅞	3	Acton				63	3⅝	3½	3½	
1¾	5-16	Actn wt				7	5-16	5-16	5-16	−1-16
3⅝	1½	AdmRs			3	55	2⅛	2⅛	2⅛	
30¼	17¼	AdRusl	.14	.5	20	11	29	28½	28½	−½
22	15	Adobe	.28	1.6	12	22	18⅛	18	18	−⅛
8⅝	4⅛	Aerone			13	58	5¼	5⅛	5⅛	
47¼	27⅝	AlHPb s	.60	1.3	20	6	47	46⅝	46⅝	−⅝
9¾	5¾	AirExp				6	6	6	6	−⅛
10⅝	5⅞	AirCal			14	71	9¾	9½	9½	−⅛
12	9¾	AirCal pf				186	11⅛	11¼	11⅛	
4¾	1	Alamco			31	35	1¼	1⅛	1¼	+⅛
101	85½	Almdo n			9	6	94¼	93¾	93¾	−¾
9⅞	6⅜	AlbaW			35	5	7⅜	7⅜	7⅜	+⅛
8½	5⅝	Aloha				1	6⅝	6⅝	6⅝	−⅛
19	9½	Alpnain	.05	.4	23	6272	11⅛	11¼	11⅛	+1½
1	9-16	Altex				83	¾	¾	¾	
28⅛	11	AlzaCp			45	361	24⅞	24⅜	24⅝	+½
18⅝	9½	Amdahl	.20	1.4	17	391	13⅞	13¼	13⅞	+⅝
15⅞	6½	AmedcoOB		1.1		70	7	6¾	7	+⅛
10⅜	4⅞	AmBilt	.15	1.4	6	59	u10½	10⅛	10½	+⅛
37½	12¼	AExp wt				159	35¼	34⅞	35¼	+1¼
9	5⅝	AFruc A			13	z100	6⅝	6⅝	6⅝	
9	5⅝	AFruc B			12	z4400	5⅝	5⅝	5⅝	−⅛
12¼	7¼	AHlthM			12	106	9¾	9½	9⅝	−⅛
8	4	AIsrael			2	3	6⅝	6⅝	6⅝	−⅛
19⅞	12⅜	AMzeA	.52	3.6	31	8	14½	14¼	14¼	−¼
2⅞	½	AMBld				134	2⅛	2	2	
9⅞	3	AmOil			18	13	3⅞	3¾	3¾	−¼

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		X Y Z								
50½	33¼	Xerox	3	6.1	21	1482	49¾	48⅞	49⅜	−⅛
54⅛	45¼	Xerox pf5.45		10.		59	54	53⅞	54	+⅛
30	24	ZaleCp 1.32		4.6	9	95	29	28⅛	29	+1⅛
23⅛	19¼	ZalepfA.80		3.6		f	22	22	22	+¼
23¼	12	Zapata .84		6.8	24	180	12½	12¼	12⅜	
73¼	32	Zayre 40b		.6	17	820	71⅛	70½	70¾	
56	24	Zayre wi				5	55½	55½	55½	−⅛
30	18⅛	ZenithE			9	808	22¾	22	22⅛	−½
21⅞	14⅜	Zero s	.32	1.7	16	8	18½	18¼	18½	
33½	21⅞	Zurnln 1.32		4.0	12	271	u33⅝	33⅜	33⅜	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

May 28	Price Sch%	+ or —
Creditanstalt	334	+1
Goesser	531	......
Interunfall	1,260	+55
Laenderbank	325	+1
Perlmooser	585	+5
Steyr-Daimler	189	......
Veitscher Mag	519	......

BELGIUM/LUXEMBOURG

May 28	Price Frs.	+ or —
B.B.L.	1,950	—10
Banq. Int. A. Lux	6,000	......
Bekaert B	6,600	+100
Ciment CBR	2,455	+25
Cockeril	231	......
Delhaize	6,600	......
EBES	2,910	+35
Electrobel	8,520	+20
Fabrique Nat.	1,955	+5
GB Inno BM	3,300	+105
GBL (Brux)	2,010	+50
Gevaert	3,775	+25
Hoboken	5,600	+80
Intercom	2,220	+70
Kredietbank	8,400	......
Pan Hldgs.	11,000	......
Petrofina	6,170	+100
Royale Belge	11,950	......
Soc. Gen. Banq.	3,300	......
Soc. Gen. Belge	1,935	+25
Sofina	7,020	+20
Solvay	4,425	+85
Stanwick Intl.	1,500	......
Tractionel	4,195	+75
UCB	5,140	+80
Wagon Lits	3,210	+40

DENMARK

May 28	Price Knr %	+ or —
Andelsbanken	297	......
Baltic Skand	560	......
CopHandelsbank	280	+10
D. Sukkerfab	520	—5
Danske Bank	304	+6
De Danske Luft.	1,165	......
East Asiatic	227	+1
Forenede Brygg.	980	......
Forenede Damp.	135	......
GNT Hldg	410	+1
I.S.S.B.	490	......
Jyske Band	635	......
Novo Ind	1,655	+20
Privatbanken	275	+11
Provinsbanken	348	+6
Smidth (F)	252	—1
Sophus Berend	1,080	......
Superfos	446	+6

FRANCE

May 28	Price Frs.	+ or —
Emprunt 4½% 1973	1,669	+39
Emprunt 7% 1973	8,230	......
Accor	286	+3
Air Liquid	655	+5
BIC	578	—5
Bongrain	1,962	+42
Bouygues	836	+2
BSN Gervais	2,515	+36
CIT-Alcatel	1,300	+10
Carrefour	2,365	+65
Club Mediter'n	529xc	—6
Cie Bancaire	629xc	+4
Cofimeg	295.4	—1.6
Damart	2,290	—11
Darty	1,375	+25
Dumex S.A.	706	—6
Eaux (Cie Gen)	675	—15
Elf-Aquitaine	227.3	+1.3
Essilor	2,650	+100
Gen. Occidentale	755	—3
Imetal	129.1	—1.9
Lafarge Coppee	547	+1
L'Oreal	2,630	+37
Legrand	2,395	+101
Maisons Phenix	266	+2
Matra S.A.	1,798	—12
Michelin B	1,045	+2
Midi (Cie)	2,648	—2
Moet-Hennessy	1,985	+22
Moulinex	93.8	—2
Nord Est.	94	+2.2
Pernod Ricard	758	—1
Perrier	537	+2
Petroles Fra.	276.8	—0.2
Peugeot S.A.	338	—1
Printempt.Aus	270.5	+15.5
Radiotech	280	—5
Redoute	1,447	+7
Roussel-Uclaf	1,730	+10
Sefimeg	356	—1
SkisRossignol	1,880xc	......
Telemech Elect.	2,466	+38
Thomson CSF	564	+8
Valeo	233	+8

GERMANY

May 28	Price Dm.	+ or —
AEG-Telef	126	+1.5
Allianz Vers	1259xr	—3
BASF	215.7	+1.5
Bayer	226.8	+2
Bayer-Hypo	343	—1
Bayer-Verein	343 xd	—3
BHF-Bank	304	—1
BMW	392	—5
Brown Boveri	215	+2.5
Commerzbank	188.5	+0.7
Cont'l. Gummi	139.3	+0.3
Daimler-Benz	792	—3
Degussa	348	+2
D'sche Babcock	158	—1.6
Deutsche Bank	499 xd	+3
Dresdner Bank	224.8xd	—0.7
GHH	149	—0.5
Hochtief	550	+49
Hoechst	231	+2.9
Hoesch Werke	107.5	—0.3
Holzmann (P)	447	+2
Horten	180	......
Hussel	296	—2
Karstadt	230.5	—0.5
Kaufhof	238	—2
KHD	255.5	+1.5
Kloeckner	70.0	......
Linde	447	—1
Lufthansa	196	—3
MAN	160	......
Mannesmann	157.3	+0.3
Mercedes Hld	695	—1
Metallgesel	254.5	+1.5
Munech Rueck	1,365	+5
Nixdorf	593	—0.5
Porsche	1234	+5
Preussag	273.2	—1.8
Rhein West Elect	167.0	......
Rosenthal	259	—0.5
Schering	465	+1
Siemens	550.9	—2.6
Thyssen	102.2	—1.6
Varta	232	+9
Veba	185	+0.5
V.E.W.	138.5	+0.5
Verein-West	318	+1
Volkswagen	245.2	—1.9

ITALY

May 28	Price Lira	+ or —
Banco Com'le	20,000	+100
Bastogi-IRBS	234	—3
B.I-Invest	3,615	—10
Centrale	3,301	—29
Credito Varesino	4,240	—55
Fiat	3,172	—28
Finsider	99.7	......
Generali Assicur.	47,200	—500
Italcementi	94,200	+500
La Rinascenti	803	+2.3
Montedison	1,705	—14
Olivetti	6,560	—5
Pirelli Co	4,065	—10
Perelli Spa	2,474	—6
Snia BPD	3,290	+35
Toro Assic	15,500	—150
do Pref	11,050	—50

NETHERLANDS

May 28	Price Fls	+ or —
ACF Holding	204	+4
AEGON	187	—0.5
Ahold	220	+0.5
AKZO	108.2	+1
ABN	441.5	+2.5
AMEV	236.3	+0.8
AMRO	78.9	+0.6
Bredero Cert	174	—1
Bos Kalis Westm.	19.2	+0.3
Buehrmann-Tet.	91.7	+0.4
Calland Hldgs.	36.8	+0.2
Dordtsche Pet'm	181	+1.1
Elsevier NDU	119	+0.3
Fokker	122.5	—1
Gist Broades	184	+2.8
Heineken	147	+2.5
Hoogovens	62.6	+0.6
Int Mueller	49	—0.7
KLM	59.5	+1.2
Naarden	49	+0.5
Nat Ned Celt	65.5	+0.7
Ned M'd Bank	176.5	+2.4
Nedlloyd	172.5	+1
Oce Grinten	320	+3.4
Ommeren (Van)	28.7	+0.4
Pakhoed	62.5	......
Philips	56.1	+0.9
Robeco	74.7	+0.6
Rodamco	139.5	+0.5
Rolinco	69.2	+0.5
Rorento	45.7	+0.1
Royal Dutch	200	+2.2
Unilever	350	+5
VMF Stork	200	+1.5
VNU	205 2	+0.2
West Utr Bank	105	+1

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ≠ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

May 28	Price Kroner	+ or —
Bergens Bank	142.5	—1
Borregaard	395.0	......
Christiania Bank	138	—2.5
DenNorske Cred	147	—0.5
Elkem	147.5	+2.5
Kvaerner	164	—2
Norsk Data	409	2
Norsk Hydro	109	—2
Storebrand	270	+4

SPAIN

May 28	Price Pta%	+ or —
Bco Bilbao	345	......
Bco Central	322	......
Bco Exterior	215	......
Bco Hispano	155	—4
Bco Popular	366	......
Bco Santander	362	......
Dragados	151	—9
Hidrola	82.5	—2.5
Iberduero	93.7	—0.3
Petroleos	150	—0.2
Telefonica	120.7	—0.6

SWEDEN

May 28	Price Kronor	+ or —
AGA	365	—7
Alfa Laval	180	......
ASEA (Free)	330	+1
Astra (Free)	435	—5
Atlas Copco	113	—2
Cardo (Free)	241	......
Cellulosa	113	—2
Electrolux B	274	+3
Ericsson	299	+2
Esselte	380	......
Mo och Domsjo	315	—1
Pharmacia	194	—1
Saab Scania Free	420	......
Sandvik	380	......
Skandia	298	—5
Skan Enski'da	43	—1.5
SKF	216	—4
St Kopparbergs	139	—1
Sven Handlesbn.	140	—2
Swelvosh Match.	200	—5
Volvo B (Free)	235	+5

SWITZERLAND

May 28	Price Frs.	+ or —
Alusuisse	800	......
Bank Leu	3,800	......
Brown Boveri	1,625	+5
Ciba Geigy	3,225	—10
do. (Part Certs)	2,530	......
Credit Suisse	2,595	—5
Elektrowatt	2,770	......
Fisher Geo.	820	—10
Hoff-Roche PtCts	90,000	+1,000
Hoff-Roche 1/10	9,025	+125
Jacobs Suchard	5,980xr	—10
Jelmoli	2,075	+10
Landis & Gyr	1,655	+5
Nestle	6,370	—155
Oer-Buehrle	1,460	—10
Pirelli	349	—1
Sandoz (Br)	8,425	......
Sandoz (PtCts)	1,420	—5
Schindler (Pt Cts)	825	......
Sika	1,830	—10
Surueillance	4,490	—45
Swissair	1,135	+5
Swiss Bank	406	—1
Swiss Reinsee	11,650	+50
Swiss Volksbk	1,600	—20
Union Bank	3,900	+20
Winterthur	4,375	—45
Zurich Ins	25,125	—375

AUSTRALIA

May 28	Price Aust $.	+ or —
ANZ Group	4.59	+0.01
Alliance Oil Dev	1.10	......
Ampol Pet	1.85	+0.01
Ashton	1.02	+0.02
Aust. Cons. Ind.	2.36	+0.03
Aust. Guarantee	3.48	+0.01
Aust. Nat. Inds	2.90	......
APM	2.76	+0.01
Bell Group	7.36	+0.02
Bell Res.	7.36	+0.02
Bond Corp Hldgs	1.25	......
Boral	3.28	—0.04
Bougainville	2.25	......
Brambles Inds	3.70	—0.05
Bridge Oil	2.24	+0.04
B.H. Prop	6.46	+0.16
CRA	6.64	—.14
CSR	2.76	+0.08
CastlemaineTys.	5.1	—0.22
Coles (C.J.)	3.72	+0.02
Comalco "A"	2 28	......
Consolidated Pet	0.43	+0.03
Costain Aust.	1 7	—0.05
Dunlop Olympic.	2.15	+0.03
Elders IXL	3 02	—0.04
Energ Res	1.55	......

AUSTRALIA (continued)

May 28	Price Aust.$	+ or —
Gen. Pro. Trust	2.32	+0.02
Hardie (James)	3.21	—0.01
Hartogen Energy	3.38	+0.03
Herald W'ylimes	4.82	+0.02
ICI Aust	2.00	......
Jimberlana F.P.	0.35	......
Kia Ora Gold	0.15	......
Lend Lease	7.0	—0.04
MIM	3.12	+0.07
Mayne Nickless	3.3	+0.1
Myer Emporium	1.91	+0.01
Nat. Aust. Bank	4.35	+0.08
News	7.3xc	—0.2
Nicholas Kiwi	1.93	......
North Bkn Hill	2.47	+0.04
Oakbridge	1.02	+0.02
Pancont'l	1.82	+0.02
Pioneer Conc.	1.68	+0.02
Poseidon	4.20	......
Queensland Coal	1.62	+0.02
Reckitt & Coln.	3.5	+0.05
Repco	1.21	+0.01
Santos	5.90	......
Smith (Howard)	4.75	......
Thos. Natwide	1.95	+0.01
Tooth	5.84	......
Vamgas	4.16	+0.05
Western Mining	4.12	+0.07
Westpac Bank	4.26	+0.08
Woodside Petrol	1.60	......
Woolworths	2.93	+0.05
Wormald Intl	3.65	+0.03

HONG KONG

May 28	Price H.K.$	+ or —
Bank East Asia	26	—1.3
Cheung Kong	16.3	+0.2
China Light	15.7	......
Evergo	0.86	+0.01
Hang Seng Bank	49.75	—0.25
HK Electric	8.20	+0.05
HK Kowloon Wh.	6.2	—0.05
HK Land	5.60	+0.05
HK Shanghai BK.	8.05	+0.05
HK Telephone	93	+1.5
Hutchinson Wpa	23.4	+0.3
Jardine Math	11.1	......
New World Dev.	6.90	—0.1
Orient O'seas	2.15	......
Oseas Trust Bk	3.00	......
SHK Props	11.8	+0.2
Shell Elect	1.32	......
Swire Pac A	23.6	+0.1
TV—B	6.80	+0.05
Wheel'k Mard A.	7.3	......
Wheel'k M'time.	1.10	......
World Int. Hldns.	2.20	+0.18

JAPAN

May 28	Price Yen	+ or —
Ajisomoto	1,080	+70
Alps Electric	1,640	+10
Amada	1,000	+7
Asahi Chem	1,060	+40
Asahi Glass	876	—3
Bridgestone	528	+5
Canon	1,190	—40
Casio Comp	1,670	+30
Chugai Pharm	1,060	—10
Citizen	480	+10
Daiei	735	—13
Dai Nippon Ptg	1,030	......
Daiwa House	620	+21
Ebara	440	—10
Eisai	1,370	—30
Fanuc	8590xr	—80
Fuji Bank	1,550	+10
Fuji Film	1,800	—20
Fujisawa	963	—27
Fujitsu	1,100	—10
Green Cross	2,670	......
Hasegawa	418	—7
Heiwa Real Est	893	—8
Hitachi	768	—10
Hitachi Credit	1,090	—10
Honda	1,330	......
House Food	727	—3
Hoya	2,030	—30
Itoh (C)	404	+14
Ito. Yokado	2,650	......
Iwatsu	900	—9
JACCS	362	—2
JAL	6,890	+70
Jusco	809	—1
Kajima	308	—3
Kao Soap	845	+2
Kashiyama	690	—10
Kirin	717	+22
Kokuyo	990	+10
Komatsu	442	+1
Konishiroku	687	+50
Kubota	339	+2
Kumagai	585	—5
Kyoto	4,730	—60
Maeda Const	530	+20
Muakino Milling	1,090	—10
Myakita	1,030	......
Marubeni	329	+3
Marudai	641	—8
Marui	1,170	......
MEI	1,450	......
M'ta Elec Works	768	—2
M'bishi Bank	1,540	—20
M'bishi	588	+9
M'bishi Elect	384	—2
M'bshi Estate	740	+44

JAPAN (continued)

May 28	Price Yen	+ or —
MHI	291	+1
Mitsui	360	+2
Mitsui Estate	829	+20
Mitsukoshi	598	+28
NGK Insulators	870	+10
Nihon Cement	297	......
Nippon Denso	1,340	—36
Nippon Elect	1,080	+40
Nippon Express	409	+11
Nippon Gakki	1,580	+10
Nippon Kokan	138	......
Nippon Oil	874	+1
Nippon Seiko	575	—1
Nippon Shimpan	590	+10
Nippon Steel	155	......
Nippon Suisan	361	+6
NTV	10,300	......
Nippon Yusen	282	—3
Nissan Motor	610	—5
Nisshin Flour	513	—2
Nisshin Steel	168	—2
Nomura	1,070	—10
Olympus	1,210	—30
Orient Leasing	2,850	......
Pioneer	1,970	—10
Renown	686	......
Ricoh	945	+10
Sankyo	1,160	—40
Sanyo Elect	435	......
Sapporo	499	+27
Sekisui Prefab	660	+18
Seven-Eleven	9,020	—10
Sharp	948	+7
Shimadzu	743	—7
Shionogi	777	—15
Shiseido	1,130	+10
Sony	4,090	—50
Stanley	823	—5
S'tomo Bank	1,800	+40
S'tomo Elect	835	—10
S'tomo Marine	656	+15
S'tomo Metal	162	+3
Taihei Dengyo	491	—1
Taisei Corp.	228	—2
Taisho Pharm	1,120	—30
Takeda	890	+13
TDK	4,700	—450
Teijin	462	+14
Teikoku	746	—2
Tokio Marine	873	+9
TBS	821	+9
Tokyo Elect Pwr	2,000	+30
Tokyo Gas	214	—3
Tokyo Sanyo	700	+47
Tokyo Style	876	+11
Tokyu Corp	428	+8
Toppan Print	865	—13
Toray	489	+24
Toshiba Elect	377	+2
TOTO	666	—2
Toyo Seikan	1,030	+20
Toyota Motor	1,260	—10
Victor	1,820	+30
Wacoal	718	+3
Yamaha	712	—28
Yamanouchi	3,050	+120
Yamazaki	751	+12
Yasuda Fire	496	—6
Yokogawa Bdge.	470	+9

SINGAPORE

May 28	Price $	+ or —
Boustead Hldgs.	1.65	......
Cold Storage	2.49	—0.01
DBS	6.15	+0.05
Genting	6.2	......
Haw Par. Bros.	2.4	+0.07
Hong Leong Fin.	3	—0.01
Inchcape Bhd.	2 41	......
Keppel Shipyard	1.55	......
Malay Banking	6.15	—0.1
Malay Utd. Ind.	2.54	+0.04
Multi Purpose	0.90	......
OCBC	9.2	—0.1
OUB	3.58	......
Public Bank	1.52	+0.02
Sime Darby	2.06	+0.01
Singapore Press.	6.15	+0.15
Straits Trdg.	4 48	......
Tat Lee Bk	2.79	—0.01
UOB	4.38	—0.06

SOUTH AFRICA

May 28	Price Rand	+ or —
Abercom	1.65	—0.05
AE&C I	8.05	—0.1
Allied Tech	61.0	......
Anglo Am Coal	52.5	+3.5
Anglo Am Corp	28.25	—0.55
Anglo Am Gold	180	......
Barclays Bank	19.25	—0.25
Barlow Rand	12.35	—0.15
Buffels	83	—1
CNA Gallo	3	—0.05
Currie Finance	4.5	+0.25
De Beers	10 8	+0.15
Driefontein	50.25	—0.25
FS Geduld	53.5	—1
Gold Fields SA	36	—0.5
Highveld Steel	4.6	+0.05
Nedbank	13.5	+0.1
OK Bazaars	15.00	......
Protea Hldgs.	2.25	......
Rembrandt	39	......
Rust Plat	17	+0.25
Safren	15 90	......
Sage Hldgs	10.25	......
SA Brews	8.20	......
Smith (AG)	27	—0.25
Tongaat Hulet	7.1	—0.1
Unisec	5.30	......

CANADA

TORONTO
Closing prices May 28

Sales | Stock | High | Low | Close | Chng

MONTREAL
Closing prices May 28

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock | Sales (Hnds) | High | Low | Last | Chng

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Trans. 3% 78/88	£85½xd	+£⅝
A.B. Elect	395	+20
Allied-Lyons	200	+8
Body Shop Int	645	+45
Boots	196	+8
Brammer	373	+15
Campari Int	32	+5
Carless Capel	175	+8
Costain	400	+6
Dunhill	540	+10
Falcon Res	345	+15
Ferguson Ind	146	+10
Harris Queens	254	+10
ICI	765	+10
Rowntree Mack	445	+17
Telecomputing	480	+40
Thorn EMI	468	+15
Utd Scientific	198	+21
Vosper	270	+10

FALLS

Applied Bot	2	—2¾
Boddingtons	73	—6
Central Norse	488	—25
Energy Services	114	—6
Greenf Blacks	26	—4
Grootvlei	608	—58
Inter Video	6	—3
Poseidon	218	—8
Pres Brand	£18¾	—£2

Continued on Page 40

AMERICAN STOCK EXCHANGE CLOSING PRICES

12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close

Continued from Page 35

LONDON STOCK EXCHANGE

MARKET REPORT

Leading equities regain stability after previous two-day setback

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 13	May 30	May 31	June 10
June 3	June 13	June 14	June 24
June 17	June 27	June 28	July 8

* "New-time" dealings may take place from 9.30 am two business days earlier.

The resumption of trading in London stock markets after the holiday weekend brought a much *steadier trend* yesterday. Although business was rather light, traders were pleased to see the equity market regain composure following the nervousness which *affected successive sessions* at the end of the previous week. Oil price worries, the reputed cause of that setback, were allayed by denials of any imminent cuts in *crude prices*, and leading shares also drew support from Wall Street's firmness on Friday.

Reports that the Government was to go *ahead with plans to cut* taxation over the next three years were another help to sentiment. Blue chip issues initially promised to regain the best part of the *losses incurred in the* previous two-day depression, but the *forward* movement stalled on lack of *folow-through* demand. Some institutional operators appeared to be extending their *long* weekend, while professional traders were *often reluctant to* open new commitments during the last few days of the extended trading Account, which ends on Friday.

Much of the day's *activity* surrounded speculative and situation stocks. Debenhams remained prominent on continuing hopes of either a management buy-out or increased terms from Burton. Harris Queensway, which at one *time was rumoured to have been* involved in the Burton-Habitat moves to gain control of Debenhams, were themselves the subject of considerable takeover speculation; Woolworth was mentioned as a possible bidder.

A *Press* suggestion that Hanson Trust was in the process of preparing an offer gave a boost to Thorn EMI, while currency influences—the pound gave ground *against the dollar—encouraged* buying of some internationals, including ICI. Measuring the overall equity scene the FT Ordinary share index shed much of its opening rise before 11 am and marked time for most of the day *before strengthening late to* close a net 4.9 up at 1,006.5.

Clearers easier

The market in Gilt-edged securities picked up from where it left off the previous week. Interest was sparse and concentrated on index-linked issues, which were *recommended* in the weekend financial columns, and the specialist low-coupon stock Transport 3 per cent 1978/88. Clean of dividend, the latter attracted *support*, which uncovered a stock shortage and rose ⅜ to 85⅛. Near-dated index-linked Gilts made small improvements with the authorities rejecting a bid of 98¾ for supplies of Treasury 2 per cent 1990.

The major clearing banks gave modest ground owing to a lack of interest. Barclays, 378p, and *NatWest, 668p, both lost 4.*

Insurances were marked down at th outset, but steadied in the absence of selling to close virtually unchanged. Prudential were *the exception and fell 8 to 650p*, after 645p, on worries about pending U.S. litigation involving its American subsidiary.

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Allied-Lyons preliminary profits were in excess of market estimates and the shares advanced 6 to 200p. Other leading Breweries, however, played second *fiddle to Regionals where perennial* takeover chesnut Higsons attracted substantial activity following the bid from North Western neighbours Boddingtons. *Dealings in Higsons, suspended* last week at 177p, resumed mid-morning and the price immediately established a premium over the agreed takeover terms, touch*ing 250p before succumbing to* the liquidation of bull positions and settling at 225p; Boddingtons diped 6 to 73p, after 71p, to value the Liverpool-based concern at around *245p per share.*

Building material issues were little *changed on balance*, but selected Contracting and Constructions continued to attract selective buying interest. Further demand left Costain 6 higher at a 1985 *peak of 400p, while talk* that the company had bought more of its own shares lifted Newarthill 5 to 650p. In the Timber sector, recently - firm Meyer International encountered profit-taking and shed 3 to 137p. On the *other hand*, buying ahead of the annual results due on June 6 helped Brownlee rise 4 to 76p.

ICI slipped to 753p before moving up after hours on American buying to *close 10 higher* on balance at 765p. Dealings in USM-quoted Mebon were suspended at 75p at the company's request pending an announcement.

Harris Queensway firm

Takeover speculation gave fresh *impetus* to Retailers, although business was much reduced *from* the high levels seen recently. Debenhams advanced to a new peak of 395p before settling 6 dearer on balance at 387p as buyers opted for a management *buy-out to counter the* hostile bid from Burton, 5 cheaper at 485p. Harris Queensway also touched a new 1985 high of 285p before closing a net 10 up at 254p; dealers expressed a certain amount of scepticism *over vague rumours of a bid* from Woolworth. W. H. Smith, another recent bid candidate, hardened 4 more to 254p, while *Martin Ford* improved a couple *of pence further* at 48p. Body Shop, expected to announce interim figures shortly, advanved 45 to 695p, while publicity given to a broker's circular lifted Our Price another 15 to 465p. Dunhill rose 10 to 340p following impressive *full-year figures*, while Raybeck hardened the turn to 32p on the sale of the leasehold interest in its Regent Street store *in London for a cash consideration* £2.35m. In contrast, Greenfield Blacks remained depressed by the substantial deficit and final dividend omission, falling 4 more for a two-day drop of 20 to 26p.

Early interest in Electricals centred on Thorn EMI which met with a flurry of activity following a week-end Press article naming Hanson Trust as a possible bidder and touched 472p before closing 15 higher on the day at 468p. *Newspaper comment also* prompted interest in Racal, 6 to the good at 190p. British Telecom were quoted in 90p-paid form at 197p, up 3; the payment of 40p a share is due before or on June 24. Among secondary stocks, *Telecomputing advanced 40 to* 480p in response to good interim figures, while bid speculation was behind further strength in United Scientific, up 21 more at 198p.

Trade in the Engineering leaders was at a low level. Vickers provided the only noteworthy movement, falling 6 to 316p following the liquidation of speculative positions. Elsewhere, bid *talk* continued in Spear and Jackson which touched 170p before *reacting to close unaltered* on the day at 162p. Profit-taking *clipped 3 from Weir Group*, at 60p, but revived buying on nationalisation compensation hopes lifted Vosper 10 to 270p.

Perennial takeover favourite Rowntree Mackintosh highlighted Foods, rising 17 to 445p. *Other leading issues were* neglected and closed with small irregular movements. Tate and Lyle were a touch off at 447p awaiting today's interim statement. Elsewhere, *Iceland Frozen Foods* moved up 8 to 528p, but Freshbake met with nervous offerings ahead of Friday's annual results and fell 6 to 66p.

Among Hotels, recently-dull Trusthouse Forte slipped to 138p before late support left the close 2 dearer on balance at 141p.

Boots up afresh

Most miscellaneous industrial leaders were inclined harder. Renewed support ahead of tomorrow's preliminary statement left Boots 8 to the good at 196p, while Glaxo edged up ¼ to £15⅜ and BOC 4 to 305p. Reed International, awaiting annual results scheduled for June 5, continued to trade firmly at 582p, up 6. Elsewhere, better-than-expected preliminary figures prompted a rise of *10 to 146p* in *Ferguson* Industrial. Brammer, currently with an agreed offer on the table for Energy Services and itself the subject of an unwelcome bid from Bunzl, rallied to 378p before settling 15 higher at 373p; *Energy Services closed 6 lower* at 114p following Press advice to shareholders to sell in the market. Late demand lifted Fisons 13 to 316p, but profit-taking caused a fall of 5 to 220p in recent speculative favourite *Office and Electronic*. News of increased annual losses prompted a further fall of 2½ to 16p in Combined Technology, while European Ferries eased 5 to 142p amid vague talk of a impending rights issue. Demand continued for *Evered*, up 6 at 250p, while BET, 5 dearer at 220p, and William Holdings, a like amount higher at 280p, both reflected Press mention. MY Dart held steady at 26p; the *price* published in the SIS on Saturday and on Monday was for the Deferred *and not the Ordinary* shares.

Pineapple Dance Studio, a dull market on Friday following poor interim results, rallied 6 to 53p on suggestions that the company may attract a bid from major shareholders Midepsa. Takeover speculation also boosted Campari which gained 5 to 32p, but Intervision slumped 3 to 6p on news that the company had fallen into the red and passed the *final dividend*.

Motors were generally subdued, although Lucas Industries attracted occasional support afterhours and finished 6 higher at 307p. Jonas Woodhead, on the other hand, dipped 5 to 37p; the shares touched 40p last week on the disclosure that Parsons and Whittemore had acquired around 5 per cent of the equity.

Leading Properties displayed few movements of any consequence MEPC were unchanged at 303p awaiting today's half-timer, while Capital and Counties, due to reveal annual figures *today, held at 209p*. Haslemere Estates, however, shed 6 to 190p. Elsewhere, residential property developers Mountleigh were 15 higher at 360p and Bradford 5 *dearer at 435p. Weekend Press* comment gave a fresh boost to Phoenix Property, up 3 at 67p, but news of higher annual profits failed to sustain USM-quoted Deneora, which slipped a couple of pence to 101p.

Courtaulds eased a penny to 144p as investors failed to glean any encouragement from full-year profits at the lower end of the market expectations. In con*trast, Coats Patons continued* to benefit from bullish notices emanating from a broker's lunch and advanced 6 more to 158p.

Carless improve

Comment in the weekend Press suggesting the possibility of lower international crude oil *prices in coming months* caused a mark-down of leading oils at the outset. Little selling ensued, however, and the majority of issues rallied during the afternoon to close little changed on balance. Sencondary stocks pro*vided a firm feature in Carless* Capel which rose 8 to 175p reflecting a "buy" recommendation from broker Wood Mackenzie and talk of a possible takeoved bid from Britoil. Falcon Resources moved up 15 *to 345p, after 350p, following* the annual meeting and ahead of next Monday's share split. Speculative buying boosted Highland Participants 10 to 293p, after 295p.

USM-quoted household plant *concern Applied Botanics more* than halved to 2p, after 1¼p, on consideration of the share-exchange offer from REA, 5 off at 323p.

Golds under pressure

Mining markets came under considerable downward pressure *following weakness in the bul*lion price. South African Golds opened around Friday's closing levels and drifted during the morning owing to general lack of interest and the marginally easier trend in gold. Around *midday, however*, bullion began to weaken significantly and subsequently dipped to close a net $5 lower at $309.75—its lowest point since March 18—reflecting the strength of the dollar. Dealers took their cue from the bullion market and promptly marked gold shares sharply lower. Persistent small selling orders added to the discomfort and at the close Golds were left showing *substantial losses*. The Gold Mines index, posting its third successive fall, dropped 21.9 to a three-month low of 455.4.

Leading heavyweights closed with losses which ranged around *£2, as in President Brand, £18½*, Randfontein, £82½, Vaal Reefs, £71¾ and President Steyn, £20¼. Cheaper priced issues were also hard hit with falls of 19 common to Leslie and Marievale at 199p and 138p respectively.

The weakness in Golds spilled over into Financials and Platinums. In the latter sector Impala retreated 27 to 818p and *Rustenburg fell 12 to 658p*. "Amgold" mirrored the overall trend in Financials and settled £2⅛ off at £89⅞. A buy recommendation in the U.S. Press prompted *strong support for* Minorco which rallied well after an uncertain start to close a net 25 higher at 695p, after 660p.

A modest rally in overnight *Sydney and Melbourne markets* failed to prevent a further general decline throughout Australians which were unsettled by the fall in bullion. Golds were particularly vulnerable and showed Central Norseman and Golds Mines of Kalgoorlie down 25 apiece at 468p and 505p respectively.

Quieter conditions in the underlying securities resulted in reduced demand for both calls and puts in Traded Options Total contracts struck amounted to 6,072—well short of last week's daily average of 8,043. Racal were lively, however, with 801 calls done, 255 in the August 200's. Theshort Gilt contract recorded 172 calls and 305 puts.

FINANCIAL TIMES STOCK INDICES

	May 28	May 24	May 23	May 22	May 21	May 20	year ago
Government Secs.	80.87	80.80	80.83	80.93	80.91	80.85	78.20
Fixed Interest	85.84	85.79	85.70	85.73	85.79	85.63	82.52
Ordinary	1006.5	1001.6	1010.2	1020.9	1020.2	1016.0	826.2
Gold Mines	455.4	477.3	479.8	484.9	481.5	489.5	580.5
Ord. Div. Yield	4.59	4.61	4.58	4.54	4.54	4.56	4.72
Earnings, Yld.% (full)	11.54	11.60	11.53	11.46	11.46	11.50	11.03
P/E Ratio (net) (*)	10.57	10.52	10.57	10.63	10.63	10.59	10.90
Total bargains (Est.)	25,833	23,500	26,597	27,086	24,281	27,136	17,902
Equity turnover £m.	—	427.53	456.92	496.85	537.09	356.72	201.96
Equity bargains	—	21,999	23,382	25,637	27,283	28,765	16,114
Shares traded (ml)	—	222.8	239.9	329.8	277.7	195.1	105.2

10 am 1006.0. 11 am 1002.8. Noon 1002.8. 1 pm 1003.5.
2 pm 1003.5. 3 pm 1004.2.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.22.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.00 (18/4)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.19 (22/4)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	928.7 (5/1)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	439.6 (25/1)	734.7 (15/2/83)	43.5 (28/10/71)

S.E. ACTIVITY INDICES

	May 24	May 23
Daily		
Gilt Edged Bargains	154.2	171.3
Equities Bargains	142.5	151.5
Value	864.1	923.5
5-day Average		
Gilt Edged Bargains	183.5	176.9
Equities Bargains	164.9	168.4
Value	919.7	879.9

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Tues May 28 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Fri May 24 Index No.	Thur May 23 Index No.	Wed May 22 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	549.24	+0.2	10.22	4.09	12.23	7.11	548.30	554.19	563.42	483.63
2	Building Materials (23)	539.46	+0.1	12.34	4.78	9.92	6.84	539.06	544.54	546.69	471.60
3	Contracting, Construction (29)	767.74	−0.1	13.17	5.37	9.83	16.40	768.33	769.60	772.30	671.49
4	Electricals (15)	1520.55	−0.5	10.30	4.79	12.26	27.85	1527.52	1526.82	1526.75	1572.31
5	Electronics (37)	1564.05	+0.9	9.45	3.26	13.76	13.77	1550.36	1568.75	1649.51	1641.94
6	Mechanical Engineering (63)	312.32	−0.1	10.20	4.42	11.92	4.70	312.68	314.83	314.26	242.00
8	Metals and Metal Forming (7)	197.58	+0.3	12.57	7.70	9.96	3.71	196.96	198.27	197.01	181.85
9	Motors (17)	162.67	−0.4	13.57	5.18	9.11	3.09	163.25	165.43	165.19	130.51
10	Other Industrial Materials (17)	980.87	−0.3	7.28	3.21	16.49	11.22	984.21	1002.74	1003.83	650.40
21	CONSUMER GROUP (177)	666.32	+0.4	9.60	3.78	12.84	6.86	663.47	670.09	670.13	498.24
22	Brewers and Distillers (23)	605.58	+0.7	11.24	4.53	11.04	3.72	601.48	607.78	606.15	517.53
25	Food Manufacturing (20)	506.05	+0.3	12.18	4.88	10.43	9.54	504.52	509.69	511.59	374.05
26	Food Retailing (13)	1590.91	—	5.49	2.51	24.29	5.76	1590.56	1606.42	1620.36	1140.55
27	Health and Household Products (9)	1070.50	+0.8	6.11	2.64	19.13	5.75	1062.45	1067.60	1060.81	770.03
29	Leisure (23)	694.54	+1.4	8.51	4.68	15.32	12.59	685.14	691.82	696.78	622.23
32	Newspapers, Publishing (12)	1793.63	−0.2	6.68	4.23	19.34	32.34	1797.88	1807.77	1793.91	1300.89
33	Packaging and Paper (14)	326.89	+0.7	11.75	4.81	9.78	2.30	324.70	328.78	325.21	239.91
34	Stores (41)	650.70	+0.5	7.50	3.14	17.97	5.00	647.64	657.15	656.23	449.20
35	Textiles (19)	331.27	+0.3	16.12	4.62	7.18	3.78	330.14	334.11	335.00	276.23
36	Tobaccos (3)	835.49	−0.5	17.85	5.13	6.28	17.44	839.33	843.89	846.15	581.25
41	OTHER GROUPS (98)	712.17	+0.7	8.52	3.88	14.80	5.68	707.44	711.21	714.75	425.46
42	Chemicals (17)	765.01	+1.2	13.57	4.84	9.10	14.95	755.84	756.99	759.85	559.64
44	Office Equipment (4)	185.88	+0.2	7.09	4.52	17.51	3.52	185.48	186.68	188.59	120.46
45	Shipping and Transport (12)	1173.18	−1.0	6.43	4.76	19.99	22.83	1185.25	1201.81	1200.51	846.28
46	Miscellaneous (63)	888.27	+0.5	6.94	3.32	17.67	6.30	884.18	893.04	896.60	591.78
48	Telephone Networks (2)	889.90	+0.8	7.52	3.62	17.36	8.70	882.69	885.16	891.12	0.0
49	INDUSTRIAL GROUP (483)	655.74	+0.4	9.46	3.88	13.15	6.77	652.93	658.74	662.43	487.30
51	Oils (17)	1155.23	−0.3	16.00	7.20	7.68	37.60	1158.97	1176.44	1174.30	1134.09
59	500 SHARE INDEX (500)	697.79	+0.3	10.32	4.32	12.03	9.23	695.49	702.25	705.49	541.59
61	FINANCIAL GROUP (113)	469.85	−0.3	—	5.32	—	8.31	471.86	474.21	475.69	357.11
62	Banks (6)	466.21	−0.7	16.63	7.42	8.58	11.71	469.61	470.99	478.70	353.07
65	Insurance (Life) (8)	706.26	−0.6	—	4.49	—	14.71	710.80	716.29	719.50	458.04
66	Insurance (Composite) (7)	353.68	+0.1	—	5.52	—	8.53	353.16	356.16	353.30	259.92
67	Insurance (Brokers) (7)	1148.52	—	7.76	3.59	17.32	17.24	1148.11	1150.39	1138.32	721.56
68	Merchant Banks (11)	229.39	−0.2	—	4.22	—	1.22	229.77	232.46	234.53	206.29
69	Property (50)	638.00	—	5.78	3.61	23.63	3.28	638.14	642.91	641.18	538.70
70	Other Financial (24)	286.57	+0.2	8.44	5.63	14.45	4.78	286.07	289.32	290.30	234.86
71	Investment Trusts (106)	600.65	−0.2	—	3.38	—	5.96	601.69	608.05	609.78	472.33
81	Mining Finance (4)	285.97	−1.0	11.17	5.53	10.48	5.29	288.85	290.04	289.48	297.78
91	Overseas Traders (14)	674.35	—	9.45	6.30	12.94	12.19	674.36	676.28	673.47	546.05
99	ALL-SHARE INDEX (737)	635.76	+0.2	—	4.46	—	8.88	634.53	640.34	642.98	494.87

	Index No.	Day's Change	Day's High	Day's Low	May 24	May 23	May 22	May 21	May 20	Year ago
FT-SE 100 SHARE INDEX	1317.4	+3.6	1319.0	1313.9	1313.8	1325.3	1333.8	1334.1	1330.8	1056.1

FIXED INTEREST

PRICE INDICES — AVERAGE GROSS REDEMPTION YIELDS

[illegible]

BRITISH GOVERNMENT INDEX—LINKED STOCKS

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$280	20	41	—	—	—	—	$311.25
GOLD C	$340	20	5.30	2	13.50	—	—	"
GOLD P	$280	—	—	8	4.90	—	—	"
GOLD P	$320	10	12.50	—	—	—	—	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 16,482

A=Ask B=Bid C=Call P=Put

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (55)

BRITISH FUNDS (3)
Trans. 3pc '78-88 — Treas. 2pc I.L. '90
Treas. 2pc I.L. '88

CORPORATION LOANS (1)
LCC 5½pc 1985-87

COM'WEALTH & AFRICAN LOANS (1)
N.Z. 7¼pc 1988-92

LOANS (1)
Inv. in Ind. 11¼pc Uns. Ln. 1990

CANADIANS (1)
Moscocho Explrtn.

BREWERS (1)
Allied-Lyons

BUILDINGS (5)
Brownlee — Hewden-Stuart 10pc Ln. 2003-08
Costain
Helical Bar — Newarthill

CHEMICALS (1)
Hoechst

STORES (7)
Aquascutum — Grattan
Body Shop Intl. — Harris Queensway
Debenhams — Lincroft Kilgour
Ford (Martin)

ENGINEERING (4)
Castings — Laird
Chamberlin & Hill — Lee (Arthur)

FOODS (5)
Avana — Nabisco Brands
Iceland Froz Foods — Rowntree Mack'tosh
Matthews (B.)

INDUSTRIALS (9)
Cole — Magnolia
Cosalt — Marshall Loxley
Evered — Whitecroft
Fisons — Wolseley-Hughes
Friedland Doggart

MOTORS (1)
Lucas Inds.

NEWSPAPERS (1)
Metal Bulletin

PAPER (3)
Boase Mass. Pollitt — Valin Pollen Intl.
Carlton Comms.

PROPERTY (5)
Bradford Property — London Shop Prop.
City Site Estates — 9pc Cnv. 1994-99
Mountleigh — Phoenix Prop & Fin

SHIPPING (2)
Hunting Gibson — Turnbull Scott

TEXTILES (1)
Foster (John)

TRUSTS (2)
Fleming Fledgling — Henderson Admin.

OILS (1)
Carless Capel

NEW LOWS (38)

BANKS (1)
Schn. Bus. Leasing

BUILDINGS (1)
Lawrence

STORES (2)
Gent (S. R.) — Greenfield Blacks

ELECTRICALS (10)
Continental M'wave — Murray Electronics
Crystalate — Oceonics
Memcom Intl. — SCUSA
Mnemos — Sarasota Tech.
Multitone Elects. — TDK

FOODS (1)
Canvermoor

INDUSTRIALS (8)
AGA AB — Combined Tech.
Applied Computer — French (Thos.)
Assoc. Energy — Laidlaw Thomson
Berisfords — Oy Wartsila

LEISURE (1)
Horizon Travel

PAPER (3)
Chapman Inds. — Watmoughs
McCorquodale

PROPERTY (1)
Saratreek

TRUSTS (2)
Fledgeling Jap. Wts. — Gartmore Info. & Fin.

OILS (1)
Crusader Oil

PLANTATIONS (1)
Applied Botanics

MINES (6)
Bond Corp. — North Broken Hill
Central Kalgoorlie — Samantha Explrtn.
Cultus Pacific — Malaysia Mining

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend *and yield based on prospectus or other official estimates for 1985.* H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of *ordinary shares as a "rights."* ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ⁂ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ?? Dealt in under Rule 535(3).

OPTIONS

First Deal- ings	Last Deal- ings	Last Declara- tion	For Settle- ment
May 20	June 7	Aug 29	Sept 9
June 10	June 21	Sept 12	Sept 23
June 24	July 5	Sept 26	Oct 7

For rate indications see end of Share Information Service

Stocks favoured for the call included Arlen Electrical, Bristol Oil and Minerals, Debenhams, GEC, Premier Oil, FKI Electricals, Osceola, Atlantic Resources, Vosper, Inter-City, Alphameric, Habit Precision Engineering and RHP. No puts or doubles were reported.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
A. B. Electronic	395	+20
BAT Inds	313	− 2
Boddington Breweries	73	− 6
Combined Tech	16	− 2½
Higsons Brewery	225	—
Imperial Group	187	—
Manders	184	− 3
Rowntree Mackintosh	445	+17
Smith (David S.)	141	− 3
Spear and Jackson	162	—
Thorn EMI	468	+15
Woolworth	810xr	− 3

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Etam	31	195	− 9
Brit Telecom	18	154	—
Debenhams	16	381	+13
Shell Trans	16	700	−13
BSR Int'l.	14	90	—
GEC	14	182	− 2
Woodhead (J.)	14	42	− 4
Burton	13	490	−12
ICI	13	753	—
Plessey	13	150	+ 2
Thorn EMI	13	453	+ 3
Vickers	13	322	−12
BTR	12	363	−10
BP	12	530	− 8

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100¾	99	Treas 11½pc 1985	99	+	11.52	12.75
98	97¼	Treas 8¾pcCnv '85	98	....	8.84	12.48
101	99	Exch. 12¼pc 1985	99	–	12.26	12.25
101	99	Exch. 11¼pc '86	99⅞	....	11.76	11.81
99½	97	Treas. 10pcCnv 1986	98½	...	10.15	11.79
94⅞	92¼	Treas 3pc 1986	94¼	...	3.18	9.17
100	97½	Exch. 10½pc Cv '86	98⅞	–	10.62	11.74
101⅞	99⅝	Treas 12pc 1986	100⅜xd	...	11.95	11.63
97	94¼	Treas 8½pc 1984-86‡‡	96	–	8.77	11.49
105	102	Exch. 14pc 1986	102	–	13.60	11.64
92	87¼	Exch. 2½pc 1986	92	+	2.71	8.19
104	101¼	Exch. 13¼pc 1987	102	–	12.95	11.62
99½	96⅝	Treas 10¼pcCv '87	97	–	10.47	11.57
90	85½	Exch 2½pc 1987	90	...	2.77	8.67
99	96¼	Exch. 10½pc 1987	98	–	10.68	11.50
93	89	Funding 6½pc '85-87‡‡	93	+	6.99	10.60
98½	95½	Treas. 10pc 1987	97 xd	–	10.29	11.60
89⅝	84¼	Treas 3pc 1987	89⅝	...	3.37	8.71
102	98⅝	Treas. 12pc 1987	100	–	11.89	11.51
93¼	90¼	Treas 7¾pc 1985-88‡‡	92	+	8.34	10.85
98⅞	95⅛	Exch 10½pc '88	97	...	10.73	11.38
96	93¼	Treas 9¾pc Cv '88	95	...	10.18	11.43
85⅝	80	Transport 3pc '78-88	85½xd	+⅝	3.57	9.01
95⅝	91½	Treas. 9½pc '88	94½	+	10.05	11.47
101⅝	97½	Treas 11½pc 1989	100	–	11.50	11.47
95	90¼	Treas 9½pc Cnv. '89	93	.....	10.13	11.50
79⅝	79	Treas 3pc 1989	79⅝	.	3.78	9.35
98½	94	Treas 10½pc 1989	96 xd	..	10.85	11.52
96	92	Exch. 10pc 1989	94	+	10.53	11.55
99	95	Exch 11pc 1989	98	...	11.19	11.47
83½	79	Treas 5pc 1986-89	83½	...	5.99	9.70
107½	103⅝	Treas 13pc 1990‡‡	105	.	12.29	11.33
99	96	Exch 11pc 1990‡‡	98	.	11.20	11.48
108¼	100¼	Exch. 12½pc 1990	103	...	12.07	11.49
		Five to Fifteen Years				
93	87¾	Treas 8¼pc 1987-90‡‡	88⅞xd	–¼	9.24	11.09
97¼	91⅞	Treas. 10pcCv 1990	94¼	...	10.66	11.55
105¼	97⅜	Treas 11¾pc 1991	105⅛	...	11.67	11.58
83½	80	Funding 5¾pc '87-91‡‡	83½	..	6.94	9.63
101⅝	95	Exch. 11pc 1991	98⅛	–⅛	11.26	11.50
110⅝	101⅝	Treas 12¾pc 1992‡‡	110¼	.	12.06	11.49
98	88⅝	Treas 10pc 1992	96	...	10.71	11.43
101⅞	94¼	Treas 10½pc Cv 1992‡‡	96¼	....	10.98	11.42
108⅝	98¼	Exch. 12¼pc '92	106½	..	11.66	11.54
114	105	Exch 13½pc 1992	111⅝	.	12.37	11.59
110⅝	101¼	Treas 12½pc 1993‡‡	110		11.86	11.46
79¼	74⅜	Funding 6pc 1993‡‡	79⅝	.	7.65	9.86
118⅝	109¾	Treas 13¾pc 1993‡‡	112¼xd	..	12.27	11.48
123⅝	111¼	Treas 14½pc 1994‡‡	120⅝	...	12.42	11.39
114½	108¼	Exch 13½pc 1994	111⅝	.	12.22	11.58
111	100⅝	Exch. 12½pc 1994	108⅝	....	11.85	11.52
91	86¼	Treas 9pc 1994‡‡	87⅝	...	10.31	11.19
107⅝	98⅜	Treas 12pc 1995	106½	..	11.72	11.56
70¼	62¼	Gas 3pc '90-95	70⅛	–⅛	4.29	7.32
97¼	89⅝	Exch. 10¼pc 1995	96½	...	11.04	11.45
113¼	106¼	Treas 12¾pc 1995‡‡	108¼	.	11.83	11.45
120	110⅝	Treas. 14pc '96	119¼	..	12.29	11.61
90⅞	84½	Treas 9pc 1992-96‡‡	88½	..	10.39	11.15
128⅝	121¼	Treas 15¼pc 1996‡‡	123⅝	...	12.44	11.55
117¼	110½	Exch 13¼pc 1996‡‡	112	....	11.88	11.38
76¼	68½	Redemption 3pc 1986-96	76	.....	3.97	6.00
117⅝	108⅝	Treas 13¾pc 1997‡‡	116⅝	.	11.83	11.35
100⅝	90½	Exch 10½pc 1997	97⅝	.....	11.07	11.29
88⅝	80½	Treas 8¾pc 1997‡‡	86½	...	10.37	11.10
127¼	120⅝	Exch. 15pc 1997	123¼	..	12.30	11.61
95	87⅝	Exch. 9¾pc 1998	93⅛	..	10.79	11.20
95⅞	86⅝	Exch. 9¾pc 1998 'A'	94⅝	.	10.80	11.20
75½	70⅞	Treas 6¾pc 1995-98‡‡	72⅞	–⅛	9.36	10.80
133¼	122⅝	Treas. 15½pc '98‡‡	129⅜	.	12.72	11.50
111¼	103⅞	Exch. 12pc 1998	105⅛	..	11.45	11.28
94	86⅝	Treas 9½pc 1999‡‡	93⅛	+⅛	10.62	11.02
112¼	103⅝	Exch. 12¼pc 1999	109⅝	.	11.45	11.23
101⅛	94¼	Treas. 10½pc 1999	96¼	+⅛	10.95	11.07
99⅝	92¼	Conversion 10¼pc 1999	94¼	..	10.91	11.08
		Over Fifteen Years				

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INSURANCES

LEISURE

PROPERTY

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

MINES—Continued

Finance

Australians

Tins

Miscellaneous

1985 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
55	37	Anglo-Dominion	[illegible]				
48	35	Anglo Utd Dev	40		—	—	—
350	140	Centennial Min'ls	147	–5	—	—	—
120	70	Colby Res. Corp.	80		—	—	—
550	450	Cons. Murch. 10c	450		†Q100c	1.4	10.8
40	28	Ennex Inc. Ir10p	34		—	—	—
215	157	Hampton Areas 10p	190		3.75	2.1	2.6
260	160	Highwood Res.	175	+5	—	—	—
£22½	£18	Homestake Mining $1	£19⅞xd	–⅛	Q20c	—	—
310	190	McFinley Red Lake	240	–15	—	—	—
300	195	Musto Explorations	270	–5	—	—	—
55	23	New Sabina Res C$1	45		—	—	—
375	260	Northgate C$1	305	–5	—	—	—
685	581	RTZ	600xd	–8	20.0	2.7	4.8
£145½	£129	Do 9¼pcLn'95-2000	£131xd	–½	Q9½%	14.0	17.5
£14⅛	£10	Tara Expln $1	£13⅛	–⅛	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap Stock".
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Figures or report awaited
- Not officially UK listed; dealings permitted under Rule 535(4)(a)
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3)
- Price at time of suspension
- Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast
- Merger bid or reorganisation in progress.
- Not comparable
- Same interim; reduced final and/or reduced earnings indicated
- Forecast dividend; cover on earnings updated by latest interim statement
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided
- No par value

B.Fr Belgian Francs. Fr French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figure. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv 20p	100		Arnott	168xd	
Craig & Rose £1	£9		CPI Hldgs	50	
Finlay Pkg 5p	61xd	+2	Carroll Inds	124	+1
Higsons Brew	225		Dublin Gas	53	
Holt (Jos) 25p	740xd		Hall (R. & H.)	55	
IoM Stm. £1	90	+3	Heiton Hldgs	20	
IRISH			Irish Ropes	43	
Fund 11¼% 1988	£96½		Jacob (W & R.)	80	+4
Nat. 9¾% 84/89	£90½		Unidare	83	
Fin 13% 97/02	£99¾				

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst	17½	Unilever	85
BOC Grp	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	14	Imps	18	Cap Counties	18
Barclays	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45	**Oils**	
Brit Aerospace	33	Lucas Inds	25		
Brit Telecom	11	Marks & Spcr	11	Brit Oil & Min	4
Brown (J.)	3	Midland Bk	30	Brit Petroleum	42
Burton Ord	39	NEI	8	Burmah Oil	18
Cadburys	14	Nat West Bk	60	Charterhall	6
Comm Union	19	P & O Dfd	36	Premier	5
Courtaulds	12½	Plessey	17	Shell	60
Debenhams	17½	Polly Peck	26	Tricentrol	18
Distillers	28	Racal Elect	18	Ultramar	19
Dunlop	6	RHM	11	**Mines**	
FNFC	8½	Rank Org Ord	32		
Gen Accident	45	Reed Intnl	50	Charter Cons	18
Gen Electric	17	Sears	8	Cons. Gold	44
Glaxo	85	TI	20	Lonrho	14
Grand Met	25	Tesco	20	Rio T Zinc	56
GUS A	60	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 41

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page

Stock	Div	Sales (Hnds)	High	Low	Last	Chng
Ferofiu		130	5¾	5½	5⅝	+⅛
Fibron		238	20¼	19½	20⅛	−⅛
Fidler	2.64	1	57⅝	57⅝	57⅝	
FifthT s		74	51½	51	51½	+¼
Figgie	.68	x45	34¾	34	34¼	
Filmtec		810	21	20	20½	+4
Filtrtk	.60	41	16¾	16½	16¾	
Finalco	.20	4	4½	4½	4½	−⅛
Fininst	.13e	2	8¾	8¾	8¾	+¼
FnclSec		60	6¼	6¼	6¼	
Fingmx		70	7⅜	7⅜	7⅜	+⅛
Finigan		326	14	13¾	14	
FAlaB s	1.12	43	28½	28	28¼	+⅛
FtAmar	.32j	1	14½	14½	14½	−½
FstAm s	1.20	37	33	32½	32½	
FtAm pf	.99	10	18½	18½	18½	
FABPB A	.20	99	9¾	9⅝	9⅝	−¼
FtATn	1.28	1772	31⅝	31¼	31⅝	
FtBnOh	2.60	9	52	52	52	
FComr	1.20	206	24⅜	24	24⅜	+⅜
FDataR		54	29¼	29	29	
FExtC s	1.35	29	33½	33	33¼	−¼
FExec		660	12⅞	12⅝	12⅞	
FFdMic		860	16¾	16¼	16½	−⅛
FFdNH	.30e	50	19¼	19	19¼	+¼
FFdCal		1	22	22	22	+½
FFChar	1.82t	10	19	19	19	
FFFtM	.40b	6	19½	19½	19½	−½
FtFKal		19	10	9⅝	9⅝	−⅜
FFdlVa	.20e	14	15	14½	15	+½
FtFdSC		18	8⅛	7⅞	8⅛	+⅛
FFidSL		5	8¾	8¾	8¾	+¼
FFMon	.30e	2	12½	12½	12½	
FtFncl	1.78b	17	37½	37⅛	37½	+2
FtFnCp	.80	72	23¼	22¾	23¼	+½
FFnMgt		5	24½	24½	24½	
FtFlBk	.40	x204	26¼	25¾	25¾	−¾
FHaw s	1.40	1	30½	30½	30½	−½
FtllCp	1	x33	16¾	15¾	16	
FtIndl		15	20	19½	19½	
FInstBk	1	44	14¼	13½	13⅞	+⅜
FinstCp	1	12	23¾	22½	22½	−1
FJerNt	1.80	61	34½	34¼	34½	
FKyNt s	1	26	27¾	27	27½	−⅛
FMdB	1.60	68	42⅛	41½	41½	−⅝
FtMich	.56b	42	13	12½	12½	−½
FtMidB	1.20	38	18⅞	18⅝	18⅝	−⅛
FMdwC		5	4¾	4¾	4¾	
FtMtlSv		14	30	29½	29½	−¼
FNtGa s		12	33½	33¼	33½	
FNtCin s		48	34½	34	34	−⅛
FtNtOh		15	1⅝	1½	1½	−⅛
FNtSup	.02e	122	21¼	19¾	19¾	−1
FNHB	.60b	5	17¾	17¾	17¾	−¼
FNthSL	.40	8	14¾	14⅛	14¾	+½
FtOhBn	1.80	6	42½	41¾	42½	+½
FtOklB		7	9½	9½	9½	
FRBGa	.96	35	34	33½	33½	−¼
FtSvFla	.80	37	26¼	25½	25½	−¼
FSvWis		6	7¾	7	7¾	+¼
FtSecC	1.10	148	25⅜	25	25⅜	+⅛
1stSrce	.44r	5	14¾	14	14¾	+¼
FtSthn		6	10¼	9¾	9¾	
FTenNt	1.60	29	36¾	36¾	36¾	−⅛
FtUnC s	1.12	135	42⅞	42⅜	42¾	−⅛
FtValy s	1	9	32½	32⅜	32⅜	
FtWFn	.20	45	5⅞	5⅞	5⅞	−⅛
Firstr		31	21	18½	21	+½
Firster	2.20	3	52½	51	51	−1
Flagler	.22e	2	12¾	12¼	12¾	+¼
Flakey		176	6⅝	6½	6½	−⅛
Flexstl	.48	3	13	13	13	−¼
Fightin		1	3½	3½	3½	+¼
Florix s		20	3¾	3¾	3¾	−⅛
FlaFdl	.15e	265	19⅛	18⅝	18¾	−¼
FlaGulf		34	14¾	14¾	14¾	
FlNFl s	.80	16	38¼	37¾	38	−¼
FlowS s		86	15½	15⅛	15¼	
Flurocb	.24	266	13½	13⅛	13½	+¼
Fonar		260	4	3⅞	4	−⅛
FLion A	.09	151	18	17¾	17¾	−¼
FLion B	.07	172	19	18¼	18½	−¼
ForAm	.96	83	31	31	31	
ForestO	1	35	20⅝	19¾	20	−½
FortnF		70	20¼	20	20	
FortnS		113	1¾	1⅝	1⅝	
Forum	.06	450	10	9¾	9⅞	
Foster	.10	32	5⅛	5⅛	5⅛	−⅛
FrnkCp	1.35e	12	13½	13½	13½	−½
FrnkEl	.56	36	16½	16	16½	+¼
FrnkRs		412	33¼	30¼	32¾	+1¾
FreeSL		3	11¾	11	11¾	+¼
Fremnt	.48	252	27½	27⅛	27½	+¼
Fudrck		519	7⅛	6⅞	7	
FulHB s	.32	309	16⅛	15⅞	16	+⅛
Funtme	.05r	46	4	4	4	−½
G G						
GK Sv s	.28	24	16¼	16¼	16¼	
GTS		61	7¾	7⅜	7¾	
Galoob		81	12½	12	12	−½
GamaB	.10	17	11½	11¼	11¼	
Gandlf g		223	7⅛	6½	6¾	−½
Garcia		121	2⅞	2⅝	2 11-16	−1-16
Genetch		67	50	48½	49⅞	−⅛
GnBind	.36	7	14¾	14¾	14¾	
GenCer	.10e	8	28	26½	27	
GnMag	.05e	38	12⅝	11¾	11¾	−½
GnShal	.75r	15	15¼	15¼	15¼	
GenetE		27	2⅛	2	2⅛	
GenetL		32	4	3¾	3¾	
GenetS		1273	8⅛	7½	7¾	−⅜
Genex		139	4⅛	4	4⅛	+⅛
Genova	.10e	35	6	5⅞	5⅞	−⅛
GaBnd	.05e	1	5	5	5	
GaFBk		184	14⅝	14⅛	14½	
GerMd s	.06	178	7⅝	7⅜	7½	−⅛
Gibson	.28	1	12	12	12	
GibsG s	.24	360	20⅞	20¾	20⅞	+⅛
GigaTr		2	17¾	17¾	17¾	+¾
GilbrtA	1.70	6	27¼	27¼	27¼	
Godfry s	.52	55	17¼	17	17	
GldCorr	.63e	30	12¾	12½	12¾	+½
GoldE s	.24	14	20¾	20½	20½	−¼
GdTaco		465	¾	⅝	11-16	+1-16
Gotaas		1619	14	13¾	13¾	
Gott		37	12⅞	12¾	12⅞	+⅜
GouldP	.76	28	17⅛	17	17	−⅛
Graco	.44	32	13¼	12¾	12¾	−¼
Gradco		1580	7½	5¾	7¼	
Grantre		65	8⅝	8⅛	8¼	
Graphl		68	15¼	15	15¼	
GrphMd		13	3⅝	3⅝	3⅝	−¼
GrphSc		283	5½	5⅜	5⅜	
GrayCo		8	7½	7¼	7¼	−½
GtAmC	.71	39	21	20¼	20¼	+½
GtLkFd	.05e	210	12¼	12	12¼	+¼
GWFSB	.48r	15	20	19¾	20	
GtSoFd		97	11¼	10⅞	11	−½
GtWash	.50e	12	6¾	6½	6½	+¼
GreenT		1842	23½	21½	22½	+¾
GrifTch		10	4¾	4¾	4¾	−¼
Gtech		209	13¾	13½	13⅝	
GuarFn		15	7¼	7¼	7¼	−¼
GuarNt		168	6¾	6⅝	6⅝	−⅛
GuestS		111	15¾	15	15¾	+¼
GlfApld	.20	23	8¼	7½	8¼	−¼
GlfBdc		2090	15	14⅞	14⅞	
Gull	.05e	37	12¼	12¼	12¼	+⅛
H H						
HBO	.20	814	21⅞	21½	21⅝	−⅛
HCC	.06e	8	10⅞	10¾	10¾	+⅜
HCW	.10	4	5¾	5¾	5¾	
HEI Tx		57	14	13¾	14	+½
HEI Mn		42	5½	5¼	5¼	
HMO Am		77	12½	12¼	12¼	−¼
Hach Co	.24	2	25	25	25	+2
Haber s		82	19½	19¼	19¼	−¼
Hadco		53	4½	4¼	4⅜	+⅛
Hadson		67	2⅞	2¾	2¾	
HaleSy n		1	1	1	1	
Halifax	.04e	3	5⅛	5⅛	5⅛	−¼
Halmi		809	2⅜	2¼	2¼	−1-16
HamOil	.10	50	17⅝	17⅜	17⅝	
Hanvin	.56	363	45½	44	45½	+1¾
HarpG	.34	4	30¼	30¼	30¼	+¼
HrtfNt	1.60	243	30½	30⅛	30¼	−¼
HrtfSt s		42	44¾	44¼	44¾	+½
Harvin s		105	17	16½	17	+¼
Hathw s		95	9⅝	9¼	9¼	−⅜
Hauser	.40e	92	16¼	16	16	+¾
HawkB	.28	37	9½	9⅜	9⅜	−⅛
HlthCS s		15	12	12	12	+¼
Hlthin		19	5	4½	5	
Hlthdyn		118	3¼	3⅛	3⅛	−⅛
HechgA	.16	79	28½	27¾	27¾	−¼
HechgB	.10	289	29¼	28¾	29	−¼
HelenT		486	5	4¾	4⅞	
Helix		37	30	29	29	−1
HenrdF	.92	10	35½	35½	35½	+½
HeritFd		92	17½	17⅛	17⅛	
Herley		45	5⅞	5¼	5⅞	
Hetra		5	3	3	3	+¼
HiberCp	1b	166	21¾	21½	21½	−¼
Hickam		23	11	10¾	10¾	
HighlSu		847	18½	18⅜	18½	
Hogan		162	4⅝	4½	4½	−⅛
HolmD	1	3	25¼	24½	25¼	
HmBen	.88	2	29¾	29¾	29¾	
HmFFl		182	12⅝	12⅜	12⅜	−¼
HmFRk	.50r	1	12½	12½	12½	
HmFAz		61	20¾	20¼	20¼	−¼
Hmectt		184	8¼	7¾	8¼	+½
HmeSL		308	27¼	26½	26½	
Honind	.56	8	20¾	20½	20¾	+⅛
HookDr	1	14	36½	36½	36½	−¼
Hoover	1.20	56	27⅛	27⅛	27⅛	−¼
HrznAir		147	6⅞	6½	6⅝	−⅛
HwBNJ		429	24⅛	23¾	23⅞	−¼
HwrdB	1.12a	2	22½	22½	22½	
HungTg		39	5	5	5	
HuntJB	.05e	2	26	26	26	−½
HntgRs		15	10¾	10¼	10¼	−½
HontgB	1.68	58	45	44¼	45	+¾
Hurco		186	4½	4	4½	+¼
Hybritc		180	24¾	24¼	24¾	
HydeAt		42	5½	5⅜	5½	+¼
Hyponx		578	8¼	7½	8¼	+⅝
HytekM		191	8½	7⅝	8	−¼
I I						
IBI		7	3½	3¼	3¼	
IEC		11	4¾	4⅝	4¾	+⅛
IIS	.05	897	5½	5¼	5½	+⅛
ILC		2	10	10	10	
IMS s		854	25⅛	24⅞	25⅛	
IPL Sy		67	2	1⅞	1⅞	−¼
ISC		521	10¾	10½	10½	−⅛
IVB Fn	2.20	12	32¼	32¼	32¼	−¼
Icot		408	6	5¾	5⅞	
Imatrn		123	2¼	2	2	
Imunex		131	6¾	6⅝	6¾	−⅛
Imuno		25	4⅝	4½	4⅝	+⅛
Imugen		166	2¼	2⅛	2⅛	
Inacmp		10	5⅛	5	5	−⅛
IndHldg	.05e	19	10⅞	10¾	10⅞	−⅝
IndlN	1.40	290	43⅞	43½	43¾	+⅛
IndlN pf		x6	31¾	31½	31¾	+¼
InAcous	.25e	20	7¼	7	7¼	−½
IndEl		15	2½	2½	2½	+⅛
InertD s		18	4¾	4¼	4¾	
Infolntl	.20	18	13½	13¼	13½	+⅜
InfoSc		50	2¼	2¼	2¼	+¼
InfoRsc		126	26½	25½	25½	−1
IntSolu		6	3½	3½	3½	+¼
Infrm		309	22	21¼	21¼	
Infraln		7	7⅞	7⅞	7⅞	−⅛
InmedC		6	12⅞	12⅞	12⅞	+⅛
InsituE		16	8⅝	8⅝	8⅝	
Instfr		637	6⅛	5⅞	6	
InstNtw		578	32	31½	31½	
Intech t		16	4⅛	4	4	−⅛
Intecm		1574	5⅝	5⅛	5¼	
IlgCirc		26	6⅝	6½	6½	−⅛
IntgDv		49	11¼	11	11¼	
IntgGen		5	4⅛	4⅛	4⅛	+⅛
ISSCO		783	22	21½	22	+½
Intel		3876	27¾	26¾	27	−¼
IntlSy		482	7¼	7	7	−¼
IntrTel		6	1⅞	1¾	1⅞	−⅛
IntRad		12	6½	6½	6½	−1
Intrmd		89	13¼	12¾	13¼	+¼
Intdyn h		52	8¾	8	8¼	−¼
IntntFlr	.16	46	15	14¾	15	+¼
Intrlac	1.03t	24	7⅜	7⅛	7¼	+⅛
Intgrph		3345	61¾	59	60¼	−1¼
Intrmgn		132	9⅝	9¼	9⅝	
Intmec		113	15⅞	15⅝	15¾	+¼
Intrmet		149	9⅛	8⅞	9	−⅛
IBkWsA		117	12⅝	12¼	12⅝	+⅜
InCapE		33	4⅛	4	4⅛	+⅛
IntCln		57	13¼	13⅛	13¼	
IGame		30	12⅜	12⅛	12⅜	
IntHld t		121	12	11½	12	+¼
IntKing t		53	20	19½	20	
IntLse		422	17¾	17⅛	17¾	+½
InMobil		187	8¼	7¾	8	−⅛
IntResh	.36	32	7¼	7	7¼	+¼
IRIS		389	13-16	¾	13-16	
IT Cp s		1051	22	21½	21½	−¾
Int Total		334	7¾	7⅝	7⅝	−⅛
Intphse		3	3¾	3¾	3¾	
Inthrm	.20	2	14½	14½	14½	
Invcre	.01e	10	4¼	4	4¼	+⅛
InvstSL	.06e	68	5⅝	5⅜	5⅜	
Iomega		634	10⅜	10	10⅛	−¼
IwaSoU	3.60	42	42⅞	42⅞	42⅞	
Isomdx		24	10¼	9¾	9¾	−½
Itel		1115	8	7⅝	8	+⅜
Itel wt		5	4⅝	4⅝	4⅝	+⅛
Itel pf		40	34	33¾	33¾	+¾
J J						
JBRst s	.16	1585	13⅝	13⅛	13⅝	+½
JLG		58	7	6½	6⅝	−⅛
JP Ind		8	18¼	18⅛	18⅛	−⅛
Jackpot	1	249	6¾	6⅝	6⅝	−⅛
JackLfe		97	38¼	38¾	38¾	
Jacbsn	.50	218	30	28¾	30	+1
JamWtr		11	18¾	18¾	18¾	
JeffrGp		23	19	19	19	
JeffBsh	1.60	2	39¾	39¾	39¾	−¼
JefSmrf	.40a	5	19½	19½	19½	
JefMart		22	7⅛	7	7	−⅛
Jerico	.12	885	21½	20¾	20¾	−¾
JhnsnE		45	5¼	5	5	−½
Jonichl t		373	6⅞	6⅝	6⅞	+⅛
Jonel A t		392	6¾	6⅝	6¾	+⅜
Josphsn		43	9⅛	9	9	
Juno s		61	18⅜	18¼	18⅜	+⅛
Justin	.40	71	20	19⅝	19⅝	−¼
K K						
KLA s		226	19½	19	19	
KMW Sy		3	11¼	10¾	10¾	
KTron		6	4¾	4¾	4¾	+⅛
KV Phr		21	6⅞	6½	6½	
Kaman	.56	405	30¾	29	30¼	+1

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Indices

NEW YORK-DOW JONES

	May 28	May 24	May 23	May 22	May 21	May 20	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,301.52	1,301.97	1,296.71	1,303.76	1,309.7	1,304.88	1307.78 (21/5)	1184.96 (4/1)	1308.78 (21/5/85)	41.22 (2/7/32)
Transport	628.10	627.55	620.57	622.98	626.22	626.89	635.30 (1/3)	553.03 (4/1)	635.30 (1/3/85)	12.32 (8/7/32)
Utilities	162.25	161.96	161.62	161.96	163.57	164.70	164.75 (17/5)	146.54 (4/1)	164.75 (17/5/85)	10.5 (28/4/42)
Trading vol	–	85.9m	101m	101.3m	130.5m	147.2m	–	–	–	–

	May 17	May 10	May 3	Year Ago (Approx)
Ind Div Yield %	4.77	4.81	4.90	4.94

STANDARD AND POORS

	May 28	May 24	May 23	May 22	May 21	May 20	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	208.14	208.74	208.04	208.97	210.02	208.86	210.02 (21/5)	182.24 (4/1)	210.02 (21/5/85)	3.62 (30/6/32)
Composite	187.86	188.29	187.60	188.57	189.64	189.72	189.72 (20/5)	163.68 (4/1)	189.72 (20/5/85)	4.40 (1/6/32)

	May 15	May 8	May 1	Year Ago (Approx)
Ind div yield %	3.84	3.82	3.83	4.10
Ind. P/E Ratio	11.37	11.14	11.20	12.13
Long Gov Bond Yield	10.98	11.33	11.33	13.33

N.Y.S.E. ALL COMMON

May 28	May 24	May 23	May 22	1985 High	1985 Low
108.73	108.67	108.47	108.86	108.72 (20/5)	94.60 (4/1)

RISES AND FALLS

	May 24	May 23	May 22
Issues traded	1,985	2,029	2,028
Rises	844	632	501
Falls	682	924	1,103
Unchanged	459	473	122

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Pac Corp	2,667,900	28½	−⅛	P SVC Col	800,000	22	unch
Litton	1,946,100	83⅛	+6⅛	IBM	787,600	130⅛	−¾
Att	1,124,300	23½	+⅛	Mobil	737,600	30½	−⅛
East Kodak	821,700	44⅞	−⅛	Atl Rich	723,100	60⅝	−⅛
Pan Am Corp	828,500	6⅝	unch	Am Express	713,300	45	+⅜

Advances 881. Declines 881

TORONTO

	May 28	May 27	May 24	May 23	1985 High	1985 Low
Metals & Minls	2,814.80	2,828.7	2,825.8	2,816.5	2190.7 (13/2)	1896.0 (4/1)
Composite	2,738.86	2,733.1	2,716.4	2,691.3	2738.7 (21/5)	2348.5 (8/1)
MONTREAL Portfolio	134.13	134.10	132.83	131.87	134.11 (17/5)	117.98 (4/1)

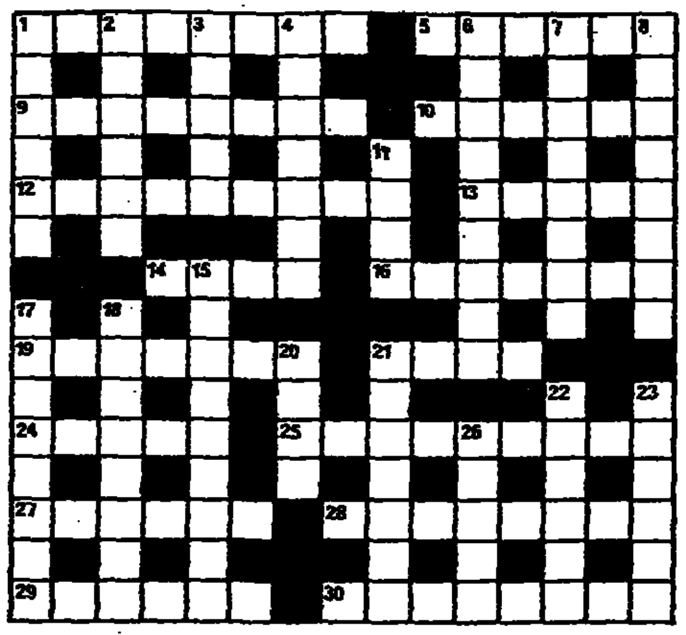
* Indicates pre-close figure

	May 28	May 27	May 24	May 23	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	885.1	878.7	883.2	887.4	904.5 (20/5)	715.3 (7/1)
Metals & Minls. (1/1/80)	558.5	551.5	558.1	560.8	585.8 (20/5)	362.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	97.27	(c)	96.79	96.01	97.27 (28/5)	58.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2535.86	(c)	2505.85	2276.99	2535.86 (28/5)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	192.20	(c)	195.04	(u)	195.04 (24/5)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	228.8	(c)	227.5	228.4	228.8 (28/5)	180.9 (3/1)
Ind Tendance (28/12/84)	127.7	(c)	126.5	126.5	127.7 (28/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	445.85	(c)	446.25	442.38	446.25 (24/5)	382.39 (3/1)
Commerzbank (1/12/53)	1504.2	(c)	1503.8	1294.6	1504.2 (28/5)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1570.84	1557.78	1596.84	1617.30	1647.86 (17/5)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	306.92	310.50	310.56	320.01	320.01 (23/5)	228.58 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12694.9	12642.7	12593.8	12649.1	12694.9 (28/5)	11545.2 (5/1)
Tokyo SE New (4/1/68)	992.55	989.65	986.15	991.92	1006.98 (22/3)	916.86 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	210.7	(c)	209.1	209.5	213.0 (6/5)	185.6 (3/1)
ANP-CBS Indust (1970)	171.6	(c)	169.8	169.5	175.2 (7/5)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	336.28	(c)	336.59	336.11	345.8 (6/2)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	815.28	814.91	818.24	820.98	852.65 (7/5)	764.58 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1042.5	1049.8	1055.4	1140.8 (15/4)	858.1 (11/2)
JSE Indust (28/9/78)	—	969.8	969.7	975.1	976.6 (24/5)	767.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	109.61	110.24	110.71	111.25	117.41 (4/2)	101.48 (2/1)
SWEDEN						
Jacobson & P (11/58)	1364.61	(c)	1371.98	(u)	1486.98 (11/2)	1581.50 (2/1)
SWITZERLAND						
SwissBank Cpn. (31/12/58)	432.5	(c)	435.80	434.7	435.8 (24/5)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	210.7	210.5	210.4	212.8 (20/5)	184.6 (4/1)

** Saturday May 25: Japan Nikkei-Dow 12,593.76. TSE 988.32.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

F.T. CROSSWORD PUZZLE No. 5,729



ACROSS

1 and 5 Ploughman's base in Northwich? (8, 6)
9 Disguise an item of clothing in a test (8)
10 Vehicle goes round dreary routine. Once led in Rome (6)
12 English isn't — isn't changing? Quite compelling (9)
13 End of evil river insect (5)
14 Some clubs, cudgels can move quickly (4)
16 Lag once prepared to form part of mass (7)
19 Now's the time to make introduction (7)
21 Join together part of circuit (4)
24 Decorate the navy, following a function (5)
25 Establishment that's not boarded up! (3-6)
27 Anger returns about the side. Panacea required (6)
28 Monk producing past ruin? (8)
29 Rearranged trials for hunts (6)
30 See 15 down

DOWN

1 Related to pussy willow? (6)
2 Please re-order pass (6)
3 One in scrum does — gets better, we hear (5)
4 Tyre to step over again (7)
6 Difficult part to learn Bad luck! (4, 5)
7 N.U.T. heeds disruption. Had lively interest (8)
8 See — round flower there's the wind (8)
11 Chaotically in part of the Listener (4)
15 and 30 across Doctors' O.K. — it's a blank medical account (5, 4, 2, 6)
17 It's clear a quiet father has payment for living (8)
18 Pudding for which first of loathings, i.e. moans could arise? (8)
20 Heads of the old dungeons often make a fuss (4)
21 50% air travel for sportsman? (3-4)
22 Fatal lesson, taking in finality of pot (6)
23 Wrap lint here — partly at the base (6)
26 Work in exam for growth in the country (5)

Solution to Puzzle No. 5,728

```
TREASURES CRUMB
I S P E E O N A
EXCEL SWITCHING
U A E E S K T A
PALINDROME LENT
  A D V I M   E
OUTSIDE CHANCEL
V O D     I O L
EARFLAP RESOLVE
R   Y R O O L
SAID CONTENDERS
I R K C A E C T
GREENBELT TITHE
H N O S O T E E
TREAT SURRENDER
```


DAIWA EUROPE LIMITED

JAPANESE EQUITY WARRANTS SERVICE

ISSUER—Warrant expiry date	Current Market Prices: Wrnt BID (%)	Wrnt OFFER (%)	Share Price (Yen)	Offer Calculations: Premium (%)	Gearing	Premium/ Gearing Ratio
CASIO 6/3/89	44.00	45 50	1,670	11.21	2 74	4 09
C ITOH 4/5/89	25.00	26 50	404	8 84	4 05	2 18
C ITOH 20/7/87	43 00	46 00	404	27 40	2 33	11 78
FUJIKURA CABLE 28/4/89	5.50	7 50	318	31 87	9 84	3 24
HAZAMA GUMI 1/11/89	7 50	9 00	355	44 50	8 26	5 39
J S R 28/4/89	7.50	9.00	374	30 59	8 42	3 63
JUSCO 22/12/88	72.00	75 00	809	25 96	1 81	14 36
KAYABA 15/2/89	9 50	11 00	299	13 98	8 35	1 67
KUMORI PRINT 20/12/89	17 50	19 00	2,060	18 53	5 22	3 55
MARUZEN 12/2/90	10 00	11.50	500	29.97	7 71	3 89
MINEBEA 20/2/89	34 00	36 00	605	74 22	2 06	35 94
MIT CHEM 20/1/87	87 00	92 00	548	17 98	1 67	10 75
MIT CORP 7/11/88	18 50	20 00	588	3.18	5 51	0 58
MIT GAS 20/3/89	11.50	13.00	359	4 01	7 58	0 53
MITSUI E/S 15/10/88	11 00	13 00	182	5 20	7 75	0 67
MITSUI E/S 10/12/87	24 50	26 50	182	0 75	4 74	0 16
MIT METAL 10/2/89	74 00	77 00	616	38 31	1 60	23 96
MIT METAL 10/11/89	11 50	13 00	616	28 99	6 51	4 45
MITSUI PET CHEM 15/2/90	26 00	27 50	440	9 18	4 38	2 09
NIPPON MIN 17/3/89	82 50	84 50	419	33 50	1 54	21 69
NISSHO IWAI 1/2/88	7 00	8 50	266	14.84	10 44	1 42
NOMURA 31/10/88	52 00	53 50	1,070	5 09	2 60	1 96
OHBAYASHI GUMI 5/4/89	39 00	41 00	249	42 86	2 23	19 23
OMRON TATEISHI 31/3/89	8 50	10 00	1,620	56 25	6 35	8 86
ONODA CEMENT 10/4/89	42 00	45 00	376	−0 69	3 02	−0 23
ONODA CEMENT 28/2/90	14 50	16 00	376	8 34	6 92	1 21
OPTEC DAI-ICHI 23/2/90	18 00	19 50	670	16 88	5 41	3 12
OSAKA TRANSFORMER 29/1/90	12 00	13 50	462	25 83	6 76	3 82
RENOWN 24/1/89	6 50	8 00	686	23 45	10 26	2 29
RYOBI Ltd 25/5/90	11.50	13 00	433	8 61	7 98	1 08
SEINO TRANSPORT 17/3/89	5.50	7 00	920	33 72	10 20	3 31
SETYU STORES 20/3/87	53.50	55 50	895	44 78	1 84	24 31
SONY CORP 26/4/90	20.50	22 00	4,090	32 92	4 23	7 79
SUMI CONSTRUCTION 24/3/89	44 00	47 00	259	14 02	2 56	5 47
SUMI HEAVY 24/2/89	8 50	10 00	242	1 11	10 21	0 11
SUMI REALTY 21/11/89	25 00	26 50	646	2 51	4 59	0 55
TOKYO ELECTRIC 14/3/89	6 50	8.00	1 130	34 48	9 40	3 67
TOKYO SANYO 8/6/87	145 00	148 00	700	58 07	1 05	55 43
TOKYO CORP 29/1/90	29 50	31 00	422	0 79	4 25	0 19
TORAY 5/3/87	11.50	13 50	489	5 29	7 49	0 71
TOYO ENG 28/2/89	51.00	53 00	650	62 54	1 70	36 81
YAMURA GLASS 8/5/90	11 50	13 00	593	12 14	7 70	1 58
YAMATO KOGYO 29/1/90	9 50	11 00	568	20 76	8 49	2 45

Reuters Monitor DABF/G/H/I/J - Further information from. Freddy Clock, Simon Gamse or Beverly Kelly on 01-248 8080
Daiwa Europe Limited, 14 St Paul's Churchyard, London EC4M 8BD

U.S. $50,000,000

Genossenschaftliche Zentralbank Aktiengesellschaft

Vienna

Floating Rate Subordinated Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 29th May, 1985 to 29th November, 1985 the Notes will carry an Interest Rate of 8½% per annum. The interest amount payable on the relevant Interest Payment Date which will be 29th November, 1985 is U.S. $217.22 for each Note of U.S. $5,000.

Credit Suisse First Boston Limited
Agent Bank

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard EC4P 4DX 01 236 1833

Allen Hume

Allied Unit Trusts Limited (a)(g)

Brown Shipley & Co. Ltd. (a)(g)

Buckmaster Management Co. Ltd. (a) (c)
The Stock Exchange EC2P 2JT 01 588 2868

CS Fund Managers Limited

Canada Life Unit Trust Mngrs. Ltd.
2-6 High St Potters Bar Herts P Bar 51122

Cannon Fund Managers Ltd. (z)

Capel (James) Mngt. Ltd.
100, Old Broad St EC2N 1BQ 01 588 6010

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Pearl Trust Managers Ltd. (a)(g)(z)
252, High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd	64.2	68.3		3.11
Accum Units	94.9	101.0		3.11
Pearl Inc.	87.7	93.3	-0.2	5.04
Pearl Unit Tst	93.8	99.8	-0.1	3.97
(Accum Units)	156.5	166.5	-0.1	3.97

Perpetual Unit Trust Mngmt. (a) (z)
48, Hart Street, Henley on Thames 0491 576868

Growth	182.9	196.2		1.47
Income	139.7	149.6		5.09
Worldwide Recovery	107.2	115.1		2.08
American Growth	58.6	62.9		0.67
Intl Emerging Cos.	59.1	63.4		0.79
Far East Growth Fd.	50.0	50.0		1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. 01 247 7544-7

Prolific Far East	106.8	114.4	+0.5	0.42
Prolific Extra Inc	62.6	66.8	+0.1	5.76
Prolific Gilt Cap	78.1	81.3	-0.1	3.38
Prolific High Inc.	130.5	138.8	-0.2	5.05
Prolific Intl.	86.9	93.1	+0.4	1.66
Prolific N. Amer	117.2	125.6	+1.6	1.67
Prolific Spec. Sits.	148.8	158.3	-0.8	1.29
Prolific Technology	114.3	122.5	+0.4	0.81

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Income Trust	48.8	51.7		0.18
Worldwide	48.2	51.1	+0.2	1.58
European Trust	47.4	50.2	+0.1	0.93
North American	52.4	55.5	+0.9	1.11
UK Equity	48.8	51.7	-0.1	3.05

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens Hse Andover, Hants, SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	97.9	104.2		1.19
Do Accum	100.8	107.3		1.19
TSB Extra Income	87.3	92.9		6.03
Do Accum	97.1	103.4		6.03
TSB General	119.7	127.3		3.30
Do Accum	190.9	203.0		3.30
TSB Gilt & Fxd Int	46.0	48.0		9.93
Do Accum	55.6	58.0		9.93
TSB Income	160.3	170.6		4.96
Do Accum	241.9	257.4		4.96
TSB Pacific	108.7	115.7		1.07
Do Accum	110.5	117.6		1.07
TSB International	229.1	243.8		1.89
Do Accum	278.8	296.7		1.89
Natural Resources	49.4	52.6		2.45
Do Accum	50.0	53.2		2.45
TSB Scot. Opps	58.1	51.2		2.41
Do Accum	51.1	55.0		2.41

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks
Aylesbury (0296) 5941

Small Co's Fund	72.8	77.9	+0.5	0.10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse Rd, Aylesbury Bks (0296) 5941

American Eagle	68.8	73.6	+0.9	0.19
Australia	29.2	30.9	-0.5	0.10
Commodity	100.3	107.8	-0.3	1.55
Energy	46.8	50.1		0.66
Equity	102.1	108.9	-0.1	3.70
European Spec. Sits.	49.3	52.7	+0.1	0.95
Extra Income	89.1	95.3		7.41
Financial	204.4	218.0	-1.2	2.93
Gilt Capital	209.7	219.6	-0.3	3.25

Ridgefield Management Ltd.
N.M. Rothschild Asset Management
Rowan Unit Trust Mngt. (a)
Royal Life Fd. Mgmt. Ltd.
Royal London Unit Tst Mgrs Ltd
Royal Trust Can. Fd. Mgt. Ltd.
SKG Management Limited
Save & Prosper Group
Schroder Unit Trust Managers Ltd.
Scottish Equitable Fund Mgrs. Ltd.
Scottish Life Investments
Scottish Mutual Investment Managers Ltd.
Scottish Provident Inv. Mgt. Ltd.
Scottish Unit Managers
Scottish Widows' Fund Management
Standard Life Trust Mngmt. Ltd.
Stewart Unit Tst. Managers Ltd.(a)
Sun Alliance Fund Management Ltd.
Sun Life Trust Mgmt. Ltd.
Swiss Life Pen. Tst. Man. Co. Ltd.(a)(x)
Temple Bar Unit Trust Mgrs Ltd
Touche, Remnant Unit Trust Mngt. Ltd.
Trades Union Unit Trust Managers
Transatlantic and Gen. Secs. Co.(y)
Tyndall Managers Ltd.(a)(b)(c)
Unit Trust Account & Mgmt. Ltd.
Vanguard Trust Managers Ltd.
Wardley Unit Trust Managers Ltd (a)
Waverley Asset Management Ltd (a) (c) (g)
Whittingdale Unit Trust Managers
Wright Seligman Fund Managers Ltd.

INSURANCES

AA Friendly Society
Abbey Life Assurance Co. Ltd.(z)
Aetna Montagu Life Insurance Co. Ltd.
Albany Life Assurance Co. Ltd.(z)
Ambassador Life Ass. Co. Ltd.
Barclays Life Assur. Co. Ltd (z)
Black Horse Life Ass. Co. Ltd.
British National Life Assurance Co. Ltd.
Canada Life Group
Cannon Assurance Ltd.
Chieftain Assurance Funds
City of Edinburgh Life Assurance
City of Westminster Assurance
Clerical Medical Managed Funds Ltd.
Colonial Mutual Group
Commercial Union Group
Confederation Life Insurance Co.
Cornhill Insurance PLC
Credit & Commerce Life Ass. Ltd.
Criterion Assurance Group
Crown Financial Management Ltd.
Crusader Insurance PLC
Eagle Star Insur./Midland Assur.
Equitable Life Assurance Society(z)
Equity & Law
Family Assurance Society
Federation Mutual Insurance Ltd.
Friends' Provident Life Office
G.T. Management Ltd.
General Accident Linked Life Assurance(z)
Assicurazioni GENERALI S.p.A.
General Portfolio Life Ins. PLC
Gresham Unit Assurance Ltd.
Growth & Sec. Life Ass. Soc. Ltd.
Guardian Royal Exchange
Hambro Life Assurance P.L.C.
Hearts of Oak Benefit Society
Henderson Administration
Hill Samuel Life Assur. Ltd.
Imperial Life Ass. Co. of Canada
Imperial Life (UK) Ltd.
Irish Life Assurance Co. PLC.
The LAS Group
Langham Life Assur. Co. Ltd.
Legal & General (Unit Assur.) Ltd.
Legal & General (U.A.)—Contd.
Legal & General Prop. Fd. Mgrs. Ltd.
Liberty Life Assurance Co Ltd
Life Assur. Co. of Pennsylvania
Lloyds Life Assurance
London & Manchester Group
London A'deen & Nthn. Mtl. Assur. Ltd.
London Indemnity & Gnl. Ins. Co. Ltd
London Life
M & G Group
MGM Assurance
Manufacturers Life Insurance Co (UK)
Merchant Investors Assurance
Municipal Life Assurance Ltd
NEL Pensions Ltd.
National Mutual Life
National Mutual of Australasia
National Provident Institution
New Zealand Insurance PLC
Norwich Union Insurance Group
Pearl Assurance (Unit Funds) Ltd.
Phoenix Assurance Co. Ltd.
Pioneer Mutual Insurance Co. Ltd.
Planned Savings Management Ltd.
Premium Life Assurance Co. Ltd.
Property Equity & Life Ass. Co.
Property Growth Assur. Co. Ltd.
Providence Capitol Life Assc. Co. Ltd.
Provident Life Assoc of London Ltd
Provident Mutual Life Assc. Assn.
Provincial Life Assurance Co. Ltd.
Prudential Assurance Co.
Prudential Pensions Limited
Reliance Mutual
Royal Insurance Life Ltd.
Save & Prosper Group
Schroder Life Group
Scottish Amicable Investments

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Equitable Life Assce. Soc.
31, St Andrew Sq, Edinburgh 031 556 9101

Mixed	214.6	225.9	+0.7
Equity	240.4	253.1	+1.4
Property	118.5	124.8	
Fixed interest	126.7	133.4	
International	225.6	237.7	+1.0
Index Linked	104.7	110.5	
Cash	119.73	126.03	+0.16
Edinburgh Inv	114.7	120.8	+2.1
Edinburgh American	113.3	119.30	-2.3
Baillie Gifford Japan	104.0	109.5	+0.8

Scottish Life Investments
19 St Andrew Square, Edinburgh 031-225 2211

Scottish Mutual Assurance Society
107 St Vincent St, Glasgow 041-248 6321

Flex End April 20	629.4	638.6	
Pen Mngd April 20	421.8	434.6	

Scottish Mutual Investments
109 St Vincent St, Glasgow. 041 248 6100

Scottish Provident Institution
6 St Andrews Sq, Edinburgh 031-556 9181

Sun Life Unit Assurance Ltd.
St James Barton Bristol BS99 7SL 0272 426911

Sun Life Pensions Management Ltd

Swiss Life Pensions Ltd
99 101 London Rd, Sevenoaks. 0732-450161

Next sub day June 3

TSB Life Ltd
PO Box 3, Keens Hse, Andover, Hants SP10 1PG 0264 62188

OFFSHORE AND OVERSEAS

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.57	-0.11	—

Inv Adv M. & G Inv. Mngt. Ltd., London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$9.19	-0.10	—
Dynamic Gwth Fd	$8.39	+0.01	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	12.3	—	—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.52	9.36	13.89	
7-day Fnd	12.69	9.049	14.08	
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.12	9.06	13.36	6-Mth
7-day Fund	12.33	9.22	13.60	6-Mth
Dollar	6.62	—	—	6-Mth
Money Mngt. Acct.	12.00	—	—	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh, EH2 4DF 031-225 8484				
Current Acc.	12.25	8.75	13.09	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	12.50	9.34	14.03	Qtr
Mth. Int. Chq.	12.375	9.25	14.05	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc.	12.05	9.00	13.40	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.25	9.00	13.49	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	12.06	9.02	13.426	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.375	9.25	13.79	Mth
U.S. Dollar	7.50	7.50	7.76	Mth
German Marks	5.0	5.00	5.12	Mth
Swiss Francs	2.00	2.00	2.02	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove, W6 0NY 01-748 9251				
Cheque Plus		10.00	14.83	Qtr
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543 Ex 464				
£500-£2,500	11.0	8.22	12.11	Qtr
£2,500 +	13.00	9.72	14.40	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc.	12.75	9.53	14.37	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc.	12.75	9.53	14.49	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc	12.05	9.00	13.40	Mth
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	12.75	9.53	13.61	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H I C A	12.26	9.16	13.66	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	12.04	9.00	13.49	Qtr
Provincial Trust (formerly Chouldartons) 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc	12.80	9.57	14.56	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	12.25	9.15	13.73	Qtr
Save & Prosper/Robert Fleming 38 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	12.05	9.01	13.47	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	12.31	9.20	13.60	Qtr
Money Acc	12.375	9.25	13.87	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	12.10	9.04	13.70	Mth
Over £10,000	12.35	9.23	14.02	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL1 1SE 0752 24141				
High Int Chq Acc.	12.69	9.48		

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

EEC farm reform still stuck in the mud

BY IVO DAWNAY IN BRUSSELS

"WE HAVE taken aim, but our feet are still a bit stuck in the mud."

Sig Filippo Pandolfi's delightfully mixed metaphor on yesterday's discussions on reform of the Common Agricultural Policy perfectly expresses the fruits of this week's informal EEC farm ministers' meeting.

As the current presiden of the European farm ministers' council Sig Pandolfi, the Italian minister, was playing host to his Community counterparts at the meeting in Siena.

s so often, the ministers have made clear their knowledge of the ultimate target—a restraining and winding down of farm surpluses and costs and an attempt to close the gap with world market prices for farm goods. But the "mud" of political obligations and vulnerability to farmers' aspirations at home is as sticky as ever, and their capacity either to move quickly or, for that matter, to move at all, is hopelessly constrained.

In the meantime, the latest paper from the European Commission could do little but repeat the tired medley of cajoling and threats that have been tried and found wanting from the era of Farm Commissioner Gundelach, through the celebrated Document 500 of Commission Dalsager to this lates pot pourri from the current holder of Brussels' most unenvied hot-seat, Mr Frans Andriessen.

The difference this tims is that the Commission has turned up the volume. If, the paper warns, nothing is done the consequences will be both quotas on farmers' output for a wide range of new products, along the lines of the politically-damaging superlevy on milk, and, equally feared by many states, the gradual break-up of the CAP through national farm support programmes.

On the quotas point, Mr Andriessen is quite specific. "If the Community cannot succeed in controlling markets through a restrictive price policy, sooner or later we shall find ourselves extending the empire of quotas." he said.

Such a move is hotly opposed by many countries, though some believe that the West Germans —currently fighting a ferocious battle to prevent a 1.8 per cent cut in grain prices—might secretly favour tidiness of a quota policy.

As several economists believe a grain price cut of between 19 and 33 per cent would be the minimum necessary to achieve real reductions in output, those quantitative restrictions may be inevitable.

The second clue as to current Commission thinking on reform suggests a major shift of resources from the Cap's guaranteed payment system to the guidance sector that gives direct financial support to small farmers. Last year, guaranteed price support swallowed almost 18.4bn European currency units (£11bn) of EEC farm expenditure while guidance aids had only an Ecu 620m share.

Many analysts believe that a prises in France, Germany and to direct income aids for the poorest farmers would quieten the fears of small family enterprisesi n France, Germany and Italy (not forgetting those of their ministers) sufficiently to enable large price cuts to be forced through on guaranteed rates for unsold produce.

"A part of our agriculture with good structure and favourable conditions could well survive a strict prices policy." reasons Mr Andriessen. "Another part would be unable to survive without some form of aid."

The drawbacks of this strategy, however, are equally political. Efficient farmers in the northern countries—the UK, Denmark and the Netherlands, for example—would inevitably receive substantially less of the cake, as their right to income aids would be less than that of poorer neighbours. The British could therefore, once again, open up the still sensitive wound of its budgetary contributions if their support receipts fell radically.

The third important new aspect of the Commission's thinking is the proposal to consider adopting U.S.-style methods for boosting exports such as export credits, long term supply deals and even links between industrial and commercial trade with food aid programmes.

Such a move would tread heavily on already sensitive toes in Washington and elsewhere, and Mr Andriessen is careful to lighten his step with the promise of looking at the Community's restrictions on imports from third countries.

As farm trade issues loom large in talks under the General Agreement on Tariffs and Trade (GATT) and the U.S. itself this month adopted an aggressive $2bn export aid programme, new Community measures to boost exports cannot be discounted, however.

The most cynical observers are likely to react more sceptically to other options posed by Mr Andriessen's paper. Attempts to encourage demand, they would argue, can only be achieved significantly through lower consumer prices. And a search for new products can equally only be limited while raising fears that yet new regimes and consequently new open-ended financial commitments would be created.

There is also a widespread distrust—though not shared in all circles—over efforts to use surpluses for non-food purposes. A proposal, for example, to produce bio-ethanol from grains for use as fuel for cars looks excellent on paper, but the costs are still markedly higher at present than current means of disposal.

Equally, the inclusion of environmental issues in the proposed review may satisfy Europe's green lobby, but ultimately may end in paying more funds to prevent farmers ploughing up hedges or sensitive areas of land.

Perhaps, the most encouraging aspect of this Siena debate was simply the fact that it took place at all—the recognition as Sig Pandolfi put it, that "political and economic arbitration must now get under way."

Whether it will depends largely on how rapidly the storm clouds of spirralling costs and ever-looming trade wars can produce sufficient thunder and lightning to scare the ministers into tough decisions.

Many at Siena had, after all, seen efforts at EEC farm reform and promises to try harder many times before. As one put it: "Cap reform is dead, long live Cap reform."

Zinc price slips to 7-month low point

By Our Commodities Staff

ZINC PRICES fell to seven-month lows on the London Metal Exchange yesterday amid continuous commission house selling, despite a small drop in warehouse stocks over the past week.

The three-month price closed at £614.50 a tonne, £28.75 below Friday's final quotation.

Dealers said there was no special reason for the fall. But the market appears to be taking stock of a continuing drop in zinc consumption, which some analysts believe may lead to an elimination of last year's deficit in supplies.

The market is still expecting further cuts in the producer price, following last week's reduction by European producers to $930 a tonne.

The LME yesterday reported a 25-tonne fall in zinc stocks to 40,200 tonnes.

LONDON METAL EXCHANGE WAREHOUSE STOCKS (Changes during week ending Feb 22)

		tonnes
Aluminium	−3,200	to 101,700
Copper	+3,525	to 104,475
Lead	+150	to 34,775
Nickel	+210	to 5,224
Tin	+150	to 21,145
Zinc	−25	to 40,200
		ounces
Silver	−898,000	51,166,000

U.S. may revise stockpile policy

BY NANCY DUNNE IN WASHINGTON

A LONG-AWAITED intra-agency study proposing revisions of the U.S. Government's stockpile goals is under consideration at the highest levels of the Reagan administration.

In the meantime, stockpile purchases have been frozen and sales, of tin and other commodities, are approaching a level where they soon must cease.

The study—believed to recommend a major curtailment of the goals the Government sets for acquisitions—has been underway for more than two years. The Government usually re-evaluates its needs for strategic materials every few years. In this case, no broad analysis has been made since 1976.

Proceeds from the sale of stockpiled materials declared in excess by the stockpile goals are diverted to a special transactions fund. Last year Congress passed a measure requiring the General Services Administration (GSA) to end all sales when the amount in the fund hits $250m.

Because acquisitions have been frozen since February but sales have been going on, the fund is now approaching the $250m level, according to a spokesman for the Federal Emergency Management Agency (FEMA), which determines stockpile policy.

It is FEMA which has been working on the new recommendations for stockpile goals, along with the Treasury, the Council of Economic Advisors, the Office of Management and the Budget (OMB), and the Defence, Commerce and Interior Departments.

The study has been classified, but reportedly it has spurred a heated controversy within the administration between those, like OMB which want to keep spending down, and those, like Interior and Defence Departments, which want to keep a large supply of strategic materials on hand.

The Reagan administration has been spending more each year on the stockpile. In 1983 and 1984 Congress authorised $120m each year for purchases and for 1985 it set aside $180m more. In addition, it specified that 30 per cent of all receipts from the sales of the national petroleum stockpile, an amount equal to about $300m, be used for stockpile acquisitions.

Dollar strength holds back gold

BY GEORGE MILLING-STANLEY

ALL THE factors for a steep rise in the gold price were in place during 1984, including an increase in physical offtake for fabrication and an excess of demand over supply, but the unexpected strength of the U.S. dollar ensured that prices stayed low.

That is how Gold 1985, the annual review of events in the world gold market, published by Consolidated Gold Fields, explains the fall in the average gold price last year to $361 per ounce, a decline of 15 per cent on the 1983 average of $424. So far this year the gold price has averaged $310 per ounce.

Gold 1985 makes the point that overall fabrication demand for gold rose by one-fifth last year to its highest level since 1979, fuelled by a sharp recovery in the jewellery industry.

The survey shows that, taken together, demand for fabrication and investment exceeded the supply of new gold by 115 tonnes, in spite of an increase in the supply of gold to the market.

This increase arose from a combination of higher output from the mines in the non-communist world, accompanied by increases from all of the leading producers with the single exception of Brazil, and a return to a more normal level of net sales to the west from the communist bloc countries, amounting to a total of 205 tonnes.

The shortfall in the supply/demand balance, according to Gold 1985, was met to a large extent by sales on the part of disillusioned investors towards the end of the year.

As far as the outlook for the current year is concerned, Gold 1985 makes it clear that most of the trends identified during 1984 have continued. The supply side is looking reasonably stable, with no grounds for fearing either substantial increases or decreases as long as the new mines coming on stream are effectively only replacing declining capacity.

Demand remains largely a function of price, with good support around the $300 per ounce level, while there is at the same time an apparent ceiling once the price reaches $330. This level seems to attract considerable selling from producer stocks, the communist bloc and investors who are unhappy with the return on their investment in the metal.

Gold 1985, available from Consolidated Gold Fields, 49 Moorgate, London EC2R 6BQ.

Discord over appointment of rubber stock manager

BY WONG SULONG IN KUALA LUMPUR

THE 32-NATION International Natural Rubber Organisation will meet in Kuala Lumpur next Tuesday to discuss extending the current rubber agreement by another two years and the appointment of a new buffer stock manager, a question that has generated considerable disagreement among members.

A senior Malaysian Government official said yesterday the extension of the pact was inevitable as producer and consumer members had failed to agree on a new five year pact in their talks in Geneva earlier this month because of wide differences over the price level, the size of the buffer stock, and export controls.

The present 5-year agreement, the first for rubber, expires in October.

There is also some urgency to find a successor to Mr Harvey Adams, the BSM, who is resigning after less than two years in the job to return to the U.S.

The job is tacitly understood to be reserved for an American, but producers and some consumers have twice rejected the nominees submitted by the U.S.—Mr Robert Sanders, the INRO bufferstock representative in New York and Mr Robert Steinger, a New York rubber dealer.

Some INRO members are lobbying for the job to be opened to nominees from consumer countries to give wider choice.

INRO officials say if the new BSM is not appointed, Mr Adams might be asked to stay on for a bit longer or the job would be held temporarily by the INRO chief executive, an Indonesian.

Coffee exports down slightly

PRELIMINARY and incomplete statistics circulated by the International Coffee Organisation (ICO) secretariat to members show net coffee imports by importing ICO members from all sources in the first half of the current coffee year to end-March were slightly down on the same 1983-84 period.

Figures have so far been supplied by only 15 members accounting for some 75 per cent of total net imports by importing members. These total 20.65m bags of 60-kilos against 21.03m during the same period a year earlier.

U.S. net imports in the six months period rose to 9.05m bags from 8.95m in the same 1983-84 period. But statistics provided by some European Community members were mostly lower.

Sugar surplus forecast to remain through '80s

BY ANDREW GOWERS

MARKET FORCES alone are unlikely to restore equilibruim to the world sugar industry, which will remain in susbtantial surplus for the rest of this decade.

That is the gloomy message from the United Nations Food and Agriculture Organisation in a new report* on the international sugar market. It is the latest in a series of increasingly doom-laden prophecies on sugar, reflecting the fact that its free-market price has recently fallen to an all-time low in real terms of 3 U.S. cents per pound.

The FAO notes that the sugar market has consistently shown a "stubborn refusal . . . to follow the rules of economic theory."

In most years since 1960, supply of sugar has exceeded demand. Between 1960 and 1982, production doubled to a record 101m tonnes, while consumption lagged a little way behind. In consequence, free market prices hvae often fallen below the cost of production even in the most efficient producing countries.

Now, however, consumption is decreasing or stagnant in many parts of the developed world, as alternative sweeteners continue to make inroads into the sugar market, while production shows no sign of responding.

The FAO concludes that the only way out of this vicious circle is an effective agreement between exporters aimed at stabilising the market by limiting exports.

Negotiations aimed at setting up a successor to the 1977 International Sugar Agreement collapsed in acrimony last year, when producers failed to agree on measures to limit exports.

Sugar: Major trade and stabilisation issues in the 'eighties. Available from the FAO commodities and trade division.

LONDON MARKETS

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	870-1	+1	—
3 months	893.5-4	+1.5	897/889

Official closing (am): Cash 872-3 (869-70): three months 895-.5 (892-.25): settlement 873 (870). Final Kerb Close: 896-.5. Turnover: 13,550 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/Low
Cash	1190-2	+6.5	1204
Three m'nths	1189-90	+1	1200/1186

Official closing (am): Cash 1204-5 (1184-5): three months 1198.5-200.5 (1188-9): settlement 1205 (1185). Final Kerb Close: 1192-.5.

Cathodes			
Cash	1179-80	+1.5	—
Three m'nths	1179-80	+1	—

Official closing (am): Cash 1193-5 (1177-9): three months 1193-5 (1178-9): settlement 1195 (1179). Turnover: 25,050 tonnes. U.S. Producer prices 69-74 cents per pound.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	294-5	+.25	296
3 months	300-1	—.25	301/300

Official closing (am): Cash 295.5-6 (294-.5): three months 300-.5 (300.5-1): settlement 296 (294.5). Final Kerb Close: 301-.25. Turnover: 2,800 tonnes. U.S. Spot: 20-21 cents per pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	£4445-50	—5	4440/4450
3 months	£4435-40	—.25	4460/4385

Official closing (am): Cash 4430-5 (4450-5): three months 4387-8 (4400-10): settlement 4435 (4455). Final Kerb Close: 4460-70. Turnover: 1,344 tonnes.

TIN

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low for day
Cash	£9650-60	+112.5	—
3 months	£9605-15	+55.5	9618

Official closing (am): Cash 9635-40 (9540-5): three months 9618-20 (9555-8): settlement 9640 (9545).

Standard			
Cash	9645-55	+57.5	9640/9638
3 months	9650-1	+54.5	9650/9600

Official closing (am): Cash 9635-8 (9590-5): three months 9610-1 (9550-1): settlement 9638 (9595). Final Kerb Close: 9600-1. Turnover: 1,710 tonnes. Straits tin $m29.31 (29.36) kilo.

ZINC

	Official close(p.m.) £ per tonne	+ or —	High/low
Cash	605-6	—25.5	609
3 months	614.5-5	—28.5	636/615

Official closing (am): Cash 608-9 (631-3): three months 617-8 (643-4): settlement 608 (633). Final Kerb Close: 619-20. Turnover: 8,000 tonnes. U.S. Prime Western: 45.50-47.50 cents per pound.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	May 28 1985	+ or —	Month ago
Aluminium	£1100		£1100
Free Mkt	$1150/150		$1150/180
Copper			
Cash h Grade	£1191	+6.5	£1222
3 mths	£1189.5	+1	£1194.25
Gold troy oz	$309.75	—5	$321
Lead Cash	£294.5	+0.25	£310.5
3 mths	£300.5	—0.25	£305.25
Nickel	‡		
Free Mkt	258/280c		248/278c
Palladium oz	$97.50	—4.25	$114.10
Platinum oz	$260.75	—7.25	$284.70
Quicksilver†	$288/298		$280/280
Silver troy oz	487.20p	+0.50	508.00p
3 mths	502.45p	+1.25	523.60p
Tin cash	£9650	+57.5	£9265
3 mths	£9605	+54.5	£9232.5
Tungsten	$79.03		$77.70
Wolfram 22 04lb	$63/66		$72/74
Zinc	£605.5	—25.5	£704
3 mths	£614.75	—28.75	£701.25
Producers	$930/960		$960

	May 28 1985	+ or —	Month ago
OILS			
Coconut (Phil)	$655	—5	$765
Palm Malayan	$590z	—10	$680y
SEEDS			
Copra Phil	$390x		$480
Soyabean (U.S.)	$235.4w		$250.25
GRAINS			
Barley Fut. Sep	£98.95	+0.5	£98.70
Maize	£149.50		£150.50
Wheat Fut. Sept	£99.60	—0.10	£124.05
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. July	£1796.5	—0.5	£1850.5
Coffee Ft. July	£2092.5	—2	£2160.5
Cotton A Index	64.45c		66.10c
Gas Oil July	$217.5	—1	$225.75
Rubber (kilo)	64p	+1	65p
Sugar (raw)	$89.5xy	—1.50	$96
Wooltops 64s	477pkilo		475pkilo

‡ Unquoted. x May-June. w Sept. y July. z June. † Per 76-lb flask. c Cents per pound.

GOLD

Gold fell $5 an ounce from Friday's close in the London bullion market yesterday to finish at $309½-310. The metal opened at $313½-314 and traded between a high of $314¼-314¾ and a low of $308¾-309¼. Selling developed after the opening of New York although there was influence from a very quiet foreign exchange market.

GOLD BULLION (fine ounce) May 28

Close	$309½-310	(£247½-248)
Opening	$313½-314	(£250¼-250¾)
M'n'g fix.	$313.90	(£249.980)
Aft'n'n fix.	$311.25	(£248.107)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$319¼-320	(£255½-256)
½ Krug.	$164¼-165	(£131½-132)
¼ Krug.	$83¾-84½	(£67-67½)
1/10 Krug.	$34-34½	(£27¼-27½)
Mapleleaf	$319½-320	(£255½-256)
New Sov.	$73½-74	(£58¾-59¼)
½ New Sov	$44¼-44¾	(£35½-35¾)
Old Sov.	$74½-76	(£59½-60¾)
$20 Eagle	$450-490	(£360-392)
Noble Plat	$271½-274½	(£216¼-218¾)

SILVER

Silver was fixed 0.5p an ounce higher for spot delivery in the London bullion market yesterday at 487.2p. U.S. cent equivalents of the fixing levels were: spot 610c, down 4.7c: three-month 621.85c, down 4.4c; six-month 635.25c, down 4.8c: and 12-month 661.7c, down 6.05c. The metal opened at 486-489p (609-612c) and closed at 480-483p (600-603c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	487.20p	+0.50	479p	—7.25
3 months	502.45p	+1.25	494.5p	—6.25
6 months	517.65p	+1.05	—	—
12months	545.10p	+0.95	—	—

LME—Turnover: 43 (40) lots of 10,000 oz.

Cash high/low 486.5; three months high 502.5, low 493, final kerb 493-95.

FREIGHT FUTURES

After the long weekend, inactivity in the physical market resulted in a dull day for the futures with levels drifting marginally lower in thin volume, reports Clarkson Wolff. The Baltic Freight Index was 954.5, down 13.5 points.

	Close	High/Low	Prev.
July	881/892	891/887	892/895
Oct.	929/931	930/928	933/938
Jan.	930/932	932/930	932/924
April	960/1035	—	980/1005
July	920/950	932	926/930
Oct.	945/985	—	955/970
Jan.	990/1050	—	980/1050
April	1040/1110	—	1050/1199

Turnover: 109 (96).

GRAINS

July wheat reached £1 down on further physical weakness but bounced back late in the day on profit-taking and storekeeper buying. New crops remained featureless showing little change, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
July	118.55	—0.65	—	—
Sept.	99.60	—0.10	98.95	+0.05
Nov	102.95	—0.05	102.55	—
Jan	106.65	—0.10	106.10	—
Mar	109.95	—0.15	109.15	+0.10

Business done—Wheat: July 118.95-8.20, Sept 99.70-9.55, Nov 103.00-2.95, Jan 106.75-6.65, Mar 110.10-10.00. Sales: 100 lots of 100 tonnes Barley: Sept 98.95-8.90, Nov 102.60-2.55, Jan 106.15-6.10, Mar 109.05 only. Sales: 33 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 15 per cent July 144.25, Aug 144, Sept 142.75 sellers transhipment east coast. U.S. no 2 soft red winter July 124.25, Aug 127.25, Sept 129.75 sellers. EC harvest 119 quoted. English feed fob June 121.50, Aug/Sept 100.50, Oct/Dec 105.50, Jan/Mar 111.50 sellers. Maize: U.S. no 3 yellow/French transhipment east coast May 149.50, June 150 sellers. Barley: English feed fob July/Aug 98.50 south coast, Aug 99, Sept 100.50, Oct/Dec 105.50, Jan/Mar 111.50 sellers east coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: W. Mids 110.40. The UK monetary coefficient for the week beginning Monday June 3 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged at 0.977.

COFFEE

In quiet conditions prices remained in a narrow trading range, reports DBL. Values tended to drift lower during the afternoon but easier sterling and some light commission house buying found fresh support around £2,080 and £2,040 for July and September.

COFFEE	Yesterd'ys Close	+ or —	Business Done
May	2052-55	—1.5	2063-50
July	2090-95	—2.0	2097-86
Sept.	2135-38	—1.0	2142-34
Nov.	2182-90	+2.5	2190-83
Jan	2235-40	+16.0	2242-28
March	2220-23	+12.5	2210
May	2185-15	—2.0	—

Sales: 1,223 (2,162) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for May 24: Comp. daily 1979 132.24 (132.37); 15-day average 131.84 (131.85).

INDICES

FINANCIAL TIMES

May 24	May 23	M'th ago	Year ago
83.75	285.42	297.71	319.50

(Base: July 1 1952 = 100)

REUTERS

May 24	May 23	M'th ago	Year ago
1828.4*	1830.2	1870.5	2020.2

(Base: September 18 1931 = 100)
* Correction.

MOODY'S

May 14	May 13	M'th ago	Year ago
921.9	923.9	—	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	May 24	May 23	Month ago	Year ago
Spot	118.23	118.49	—	141.04
Fut.	121.43	121.51	—	141.38

(Base: December 31 1974 = 100)

COCOA

After opening a little steadier futures traded quietly thereafter. Some physical interest was noted. Mainly for 1986 products and nearby second-hand cocoa beans. Producers, however, continued withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
May	1775-1780	+7.0	1778-1775
July	1796-1797	—0.5	1806-1791
Sept.	1786-1787	—	1790-1783
Dec.	1748-1750	+2.0	1755-1744
Mar.	1758-1759	+4.5	1768-1750
May	1768-1774	+3.5	1768-1766
July	1768-1785	+6.0	—

Sales: 2,030 (2,145) lots of 10 tonnes.

ICCO INDICATOR PRICES — (U.S. cents per pound). Daily price for May 28: 95.79 (96.52); five-day average for May 29: 96.23 (96.47).

SUGAR

LONDON DAILY PRICE—Raw sugar $89.50 (£71.50), down $1.50 (same) a tonne for May-June-July delivery. White sugar $133.00, down $2.00.

The market maintained pre-holiday price levels in generally quiet trading, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug	96.4-96.2	95.6-96.0	96.4-94.8
Oct	98.8-99.0	98.4-99.0	99.8-98.4
Dec	104.6-105.0	104.6-105.4	105.2-104.6
Mar	118.0-118.2	117.6-118.2	118.4-117.2
May	121.6-122.8	121.4-122.4	122.0-121.4
Aug	128.2-128.6	126.8-127.6	128.0-127.6
Oct	132.4-133.4	131.0-132.0	—

Sales: 805 (1,052) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £174.50 (£176.50) a tonne for export.

INTERNATIONAL SUGAR AGREEMENT—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for May 23: Daily price 2.80 (2.79): 15-day average 2.79 (2.80).

SOYABEAN MEAL

The market opened 80p down in quiet conditions, reports T. G. Roddick. Prices drifted on commission house selling.

	Yesterday close £ per tonne	+ or —	Business Done
June	114.5-115.0	—2.05	—
August	113.1-115.8	—1.70	—
October	116.5-117.1	—2.50	118.2-117.0
Dec	122.1-122.6	—2.15	122.5
Feb	122.0-129.0	—1.45	—
Apr	129.5-131.0	—1.75	—
June	128.5-131.0	—1.75	—

Sales: 51 (2,254) lots of 20 tonnes.

OIL

Spot crude prices were firm in thin trading. Nymex opened 18c down and traded mainly on the downside during the morning. Gas-oil was quiet and uncertain in a directionless market: prices were stable early on with the firm IPE opening but fell later with the Nymex—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—June		
Arab Light	[illegible]	+0.10
Arab Heavy	[illegible]	+0.10
Dubai	[illegible]	+0.10
Brent Blend	[illegible]	[illegible]
W.T.I. (1 pm est)	[illegible]	[illegible]
Forcados (Nigeria)	[illegible]	[illegible]
Urals (cif NWE)	[illegible]	[illegible]
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	[illegible]	[illegible]
Gas Oil	[illegible]	[illegible]
Heavy fuel oil	[illegible]	[illegible]

* July. Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's close $ U.S. per tonne	+ or —	Business Done
June	218.50	[illegible]	[illegible]
July	217.50	[illegible]	[illegible]
Aug	216.75	[illegible]	[illegible]
Sep	220.00	[illegible]	[illegible]
Oct	222.50	[illegible]	[illegible]
Nov	225.50	[illegible]	[illegible]

Turnover: 1,005 (1,214) lots of 100 tonnes.

POTATOES

In a quiet market new crop was initially easier but strengthened mid-afternoon before again easing at the close, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business Done
May	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: 97 (189) lots of 40 tonnes.

PIGMEAT

Prices closed slightly lower due to weaker physicals and light profit-taking in poor volume, reports COBT Commodities.

Month	Yesterday's close p. per kilo (deadweight)	Previous close	Business done
June	[illegible]	[illegible]	[illegible]
Aug.	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]

Sales: 6 (6) lots of 50 carcases, 3,250 kg.

MEAT

SMITHFIELD—Pence per pound. Beef—Scotch killed sides [illegible]; English hindquarters [illegible], forequarters 55.0-58.0; [illegible] 96.0. [illegible] 138.0-14[illegible] 92.0, [illegible] 80.0: [illegible] 66.5. [illegible] 100 lb [illegible] 120-160 [illegible]

MEAT COMMISSION—Average fatstock prices at representative markets. [illegible] (−1.23).

RUBBER

PHYSICALS—The London market opened about unchanged, attracted some interest throughout the day and closed quiet and slightly steadier, reports Lewis and Peat. Closing prices (buyers): spot [illegible]; July 67.00p [illegible]; August [illegible] (67.00p). The Kuala Lumpur fob price for RSS No 1 was [illegible] cents a kg and for SMR 20 was [illegible].

U.S. MARKETS

HEATING OIL moved sharply lower on refinery price cuts and on rumours that Norway would cuts crude oil prices, reports Heinold Commodities. Good weekend weather with ample precipitation put to rest any fears that the 1985 grain crops would be jeopardised early in the growing season. Soyabeans were the weakest on the board as setbacks in oil and meal put major pressure on the beans. Wheat and maize were on the defensive from local and professional selling as traders anticipated weak export inspections. Reports of oil price cuts along with a general downward trend in most commodity markets put pressure on gold and silver values. Copper came under pressure from sympathetic selling in other markets along with the continued build-up in LME stocks. Aluminium retreated in sympathy with the weakness to other base metals. Cocoa came under pressure from producer selling overhead with reports of favourable weather in Brazil. Sugar traded steady but featureless reflecting a lack of news. Coffee weakened on the lack of a freeze threat.

NEW YORK

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	63.18	63.56	62.72	63.72
Oct	62.20	62.50	61.98	62.72
Dec	62.33	62.80	62.11	62.97
March	63.35	63.50	63.15	63.95
May	63.82	64.10	63.65	64.70
July	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	62.27	63.40	62.20	63.57
August	64.95	65.80	64.80	65.55
Oct	63.55	63.95	63.50	63.75
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

OTHER MARKETS

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. [illegible] Sales: 12.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. [illegible] Sales: 20.

JUTE

JUTE—May/June shipment c and f Dundee, BTC $760, BWC $775, BTD $756, BWD $750; c and f Antwerp, [illegible]

COTTON

LIVERPOOL—Spot and shipment sales amounted to 16 tonnes. [illegible] Scattered operations were directed towards Egyptian qualities.

SPOT PRICES

SPOT PRICES—Chicago loose lard 19.50 (same) cents per pound. Handy and Harman silver bullion 602.0 (610.5) cents per troy ounce.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up in thin trading

The dollar rose in very quiet trading yesterday as volume failed to pick up after the long weekend. In addition a meeting of foreign exchange dealers in Toronto restricted trading. There were no fresh factors to influence the market and sentiment surrounding the dollar remained a little confused. Recent comments have suggested that U.S. second quarter GNP figures will show a further slowdown in U.S. economic growth while U.S. officials have stressed that an upturn during the second half of the year is a distinct possibility.

Against this background the dollar moved quietly firmer but lacked any conviction so that resistance was sufficient to keep the dollar below DM 3.12. It closed at DM 3.1130 from DM 3.0920, having touched a high of DM 3.1180. Against the Swiss franc it finished at SwFr 2.6185 from SwFr 2.6055 and Y251.55 compared with Y251.05. Against the French franc it rose to FFr 9.4850 from FFr 9.4350. On Bank of England figures, the dollar's exchange rate index rose from 146.0 to 146.8.

STERLING — Trading range against the dollar in 1985 is 1.2940 to 1.0525. April average 1.2414. Exchange rate index fell to 79.0 from 79.1, having opened at 79.0. The six months ago figure was 74.2.

Sterling eased a little against the dollar but showed scattered gains against other major currencies. Once again trading was extremely quiet and there was nothing new to influence the market. The pound closed at $1.2515 down from $1.2600 but improved to DM 3.8950 from DM 3.89. It eased against the yen to Y314.75 from Y314.50 and FFr 11.8650 from FFr 11.8725 but rose against the Swiss franc to SwFr 3.2825 from SwFr 3.2775.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.8730. April average 3.0856. Exchange rate index 121.3 against 120.9 six months ago.

Trading was extremely quiet in Frankfurt yesterday after the long weekend in UK and U.S. markets. There was also a local holiday in Frankfurt and a meeting of dealers in Toronto further restricted trading volume. In the absence of any fresh data, the dollar closed at DM 3.1130 up from DM 3.09 on Friday, but little changed from yesterday's opening level. It was fixed at DM 3.1127 up from DM 3.0805 and there was no intervention by the Bundesbank.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian franc	44.9008	45.1390	+0.53	+0.59	±1.5471
Danish krone	8.14104	8.05312	−1.08	−1.02	±1.6419
German D-mark	2.24184	2.24346	+0.07	+0.13	±1.1475
French franc	6.87456	6.83756	−0.54	−0.48	±1.3669
Dutch guilder	2.52595	2.53136	+0.21	+0.27	±1.5171
Irish punt	0.72569	0.716385	−1.28	−1.22	±1.6673
Italian lira	1403.49	1429.03	+1.82	+1.82	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	May 28	Prev. close
£ Spot	$1.2520-1.2530	$1.2540-1.2550
1 month	0.51-0.49 pm	0.51-0.48 pm
3 months	1.44-1.40 pm	1.42-1.39 pm
12 months	3.74-3.64 pm	3.65-3.58 pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

May 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2490-1.2615	1.2510-1.2520	0.52-0.49c pm	4.84	1.51-1.46pm	4.75
Canada	1.7207-1.7331	1.7230-1.7270	0.46-0.37c pm	2.88	1.39-1.27pm	3.08
Nethlnd.	4.38¼-4.40½	4.38½-4.39½	2-1⅞c pm	5.29	6¾-6pm	5.58
Belgium	78.25-78.64	78.30-78.40	28-23c pm	3.91	79-70pm	3.80
Denmark	13.86½-14.02	13.98-13.99	4½-3½ore pm	3.43	11⅝-10⅛pm	3.20
Ireland	1.2438-1.2469	1.2438-1.2448	0.15p pm-0.01 dis	−0.68	0.46-0.02pm	0.77
W. Ger.	3.88¾-3.90½	3.89-3.90	2¼-2⅛pf pm	6.74	6⅞-6⅝pm	6.93
Portugal	217½-222¼	217¾-221½	160-545c dis	−19.25	300-1180dis	−13.47
Spain	220-222	220½-221	5c pm-10 dis	−0.14	15-50dis	−0.59
Italy	2,475½-2,488¾	2,479½-2,480½	par-2 lire dis	−0.48	2-6dis	−0.65
Norway	11.16¾-11.21½	11.17-11.18	¼ore pm-¼ dis	−0.13	¼pm-½dis	−0.04
France	11.86-11.90½	11.86-11.87	2¾-2¼c pm	2.53	7½-6⅞pm	2.46
Sweden	11.21½-11.26	11.22-11.23	2⅞-3⅛ore dis	−3.47	9-9¼dis	−3.34
Japan	314¼-315¼	314¼-315¼	1.67-1.57y pm	6.18	5.02-4.89pm	6.30
Austria	27.34-27.47	27.35-27.42	14½-13gro pm	6.00	42½-38½pm	5.91
Switz	3.27-3.28¾	3.27¾-3.28¾	2-1⅞c pm	7.08	6-5¾pm	7.16

Belgian rate is for convertible francs. Financial franc 78.85-78.95.
Six-month forward dollar 2.57-2.52c pm. 12-month 4.00-3.85c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2490-1.2615	1.2510-1.2520	0.52-0.49c pm	4.84	1.51-1.46pm	4.75
Ireland†	1.0030-1.0077	1.0065-1.0075	0.40-0.30c pm	4.17	1.15-0.85pm	3.97
Canada	1.3757-1.3792	1.3780-1.3790	0.21-0.24c dis	−1.96	0.52-0.57dis	−1.58
Nethlnd.	3.5030-3.5155	3.5090-3.5100	0.17-0.14c pm	0.53	0.82-0.78pm	0.91
Belgium	62.45-62.70	62.60-62.70	6-7c dis	−1.25	15-17dis	−1.02
Denmark	11.14¼-11.19	11.17¾-11.18¼	1-1½ore dis	−1.34	3-3½dis	−1.16
W. Ger.	3.1020-3.1190	3.1125-3.1135	0.51-0.48pf pm	1.87	1.75-1.70pm	2.22
Portugal	174½-177	175-176½	200-500c dis	−23.86	450-1150dis	−18.18
Spain	175½-176½	176-176¼	68-73c dis	−4.81	215-240dis	−5.17
Italy	1,978½-1,986	1,981-1,982	8½-9 lire dis	−5.30	25¼-26dis	−5.17
Norway	8.91½-8.94	8.92¾-8.93¼	3-3½ore dis	−4.37	10-10½dis	−4.60
France	9.46-9.49¼	9.48¼-9.48¾	1.75-1.85c dis	−2.28	5.30-5.60dis	−2.30
Sweden	8.95½-8.98¾	8.97¼-8.97¾	5¾-6¼ore dis	−8.03	17½-18dis	−7.92
Japan	251.15-251.70	251.50-251.60	0.32-0.28y pm	1.43	1.04-0.99pm	1.61
Austria	21.82-21.93	21.88-21.93	2¾-2gro pm	1.30	8½-6pm	1.33
Switz.	2.6060-2.6230	2.6180-2.6190	0.50-0.44c pm	2.16	1.65-1.60pm	2.49

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.00-63.10.

OTHER CURRENCIES

May 28	£	$		£ Note Rates
Argentina Peso	705.30-706.50	563.13-563.63	Austria	27.28-27.55
Australia Dollar	1.8880-1.8920	1.5065-1.5090	Belgium	78.35-79.15
Brazil Cruzeiro	6,700-6,730	5,360-5,370	Denmark	13.92-14.06
Finland Markka	8.0725-8.0915	6.4500-6.4520	France	11.82-11.93
Greek Drachma	170.08-173.71	136.65-138.47	Germany	3.87¼-3.91¼
HongKong Dollar	9.7200-9.7300	7.7700-7.7720	Italy	2465-2500
Iran Rial	116.50*	92.50*	Japan	316-319
KuwaitDinar(KD)	0.3800-0.3805	0.30330-0.30346	Netherlands	4.37⅛-4.41⅛
Luxembourg Fr.	78.30-78.40	62.60-62.70	Norway	11.14-11.25
Malaysia Dollar	3.0950-3.1010	2.4745-2.4765	Portugal	212-229
New Zealand Dlr.	2.7875-2.7946	2.2245-2.2295	Spain	213-223¼
Saudi Arab Riyal	4.5225-4.5269	3.6094-3.6100	Sweden	11.19-11.30
Singapore Dollar	2.7850-2.7910	2.2265-2.2285	Switzerland	3.25⅛-3.28⅛
Sth African Rand	2.5010-2.5130	2.0010-2.0050	United States	1.24⅛-1.26⅛
U.A.E. Dirham	4.6010-4.6059	3.6720-3.6730	Yugoslavia	320-346

* Selling rate.

CURRENCY MOVEMENTS

May 28	Bank of England Index	Morgan Guaranty Change %
Sterling	79.0	−10.5
U.S. dollar	146.8	+32.1
Canadian dollar	87.5	−7.3
Austrian schilling	111.6	+3.4
Belgian franc	89.0	−11.1
Danish Kroner	77.1	−5.9
Deutsche mark	121.3	+6.4
Swiss franc	138.6	+7.3
Guilder	111.8	+2.9
French franc	64.7	−15.6
Lira	45.3	−17.1
Yen	155.3	+11.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

May 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.785107	0.575934
U.S. $	7½	0.993710	0.726253
Canadian $	9.59	*	0.997871
Austria Sch	4½	21.4999	15.7524
Belgian Fr.	9.75	61.5852	45.1330
Danish Kr	7	10.9805	8.04976
Dmark	4½	3.06118	2.24209
Guilder	5½	3.45811	2.53026
French Fr	9½	9.34336	6.83912
Lira	15½	1957.51	1430.72
Yen	5	249.521	182.289
Norway Kr.	8	8.69748	6.44186
Span'h Pta.	—	173.002	126.789
Swedish Kr.	11.5	8.84352	6.48362
Swiss Fr.	4	2.57421	1.88499
Greek Dr'ch	20½	135.025	98.8780
Irish Punt	13¾	0.980168	0.716676

* C$/SDR rate for May 28: 1.35928.

EXCHANGE CROSS RATES

May 28	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.252	3.895	314.8	11.87	3.283	4.395	2480.	1.725	78.35
U.S. Dollar	0.799	1.	3.113	251.6	9.485	2.619	3.510	1982.	1.378	62.65
Deutschemark	0.257	0.321	1.	80.81	3.046	0.843	1.128	636.7	0.443	20.12
Japanese Yen 1,000	3.177	3.976	12.37	1000.	37.70	10.43	13.96	7879.	5.481	248.9
French Franc 10	0.843	1.055	3.283	265.3	10.	2.767	3.702	2090.	1.454	66.05
Swiss Franc	0.305	0.381	1.187	95.89	3.615	1.	1.338	755.6	0.526	23.87
Dutch Guilder	0.228	0.285	0.887	71.66	2.701	0.747	1.	564.6	0.393	17.84
Italian Lira 1,000	0.403	0.505	1.571	126.9	4.784	1.324	1.771	1000.	0.696	31.58
Canadian Dollar	0.580	0.726	2.258	182.5	6.878	1.903	2.546	1438.	1.	45.42
Belgian Franc 100	1.276	1.597	4.971	401.7	15.14	4.190	5.606	3165.	2.202	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

May 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12⅝-12¾	7 9/16-7 11/16	9-9¼	7¼-7⅜	1⅛-1⅝	5-5⅛	10 1/16-10 3/16	12½-13½	9⅝-9⅞	9¼-9½	6 5/16-6 7/16	9¼-9¾
7 days' notice	12⅝-12¾	7⅝-7¾	9¼-9½	7⅛-7⅜	14-14¼	5⅞-6	10 1/16-10 3/16	11⅞-12½	9-9¼	9⅛-9⅜	6 5/16-6⅜	9-9½
Month	12 11/16-12 13/16	7 11/16-7 13/16	9⅜-9⅝	7 5/16-7 7/16	5 5/16-5 7/16	5⅝-5¾	10⅛-10¼	13-13½	8⅞-9⅛	8⅞-9⅛	6¼-6⅜	8⅞-9⅜
Three months	12 11/16-12 13/16	7 13/16-7 15/16	9⅜-9⅝	6 15/16-7 1/16	5 5/16-5 7/16	5⅝-5¾	10 7/16-10 9/16	12⅞-13¼	9-9¼	9-9¼	6 5/16-6⅜	8⅞-9⅜
Six months	12 11/16-12 13/16	8 1/16-8 3/16	9 9/16-9 11/16	6 13/16-6 15/16	5¼-5⅜	5 11/16-5 13/16	10 9/16-10 11/16	13⅛-13⅝	9⅛-9⅜	9⅛-9⅜	6 5/16-6⅜	9⅛-9⅝
One year	12⅛-12¼	8 5/16-8 7/16	9¾-10	6 13/16-6 15/16	5⅛-5¼	5 11/16-5 13/16	10 13/16-10 15/16	13⅝-14	9⅜-9⅝	9⅜-9⅝	6 5/16-6 7/16	9¼-9¾

Asian $ (closing rates in Singapore): Short-term 7⅝-7¾ per cent; seven days 7 11/16-7 13/16 per cent; one month 7¾-7⅞ per cent; three months 7⅞-8 per cent; six months 8 3/16-8 5/16 per cent; one year 8 11/16-8 13/16 per cent. Long-term Eurodollars: two years 9 9/16-9 11/16 per cent; three years 10-10⅛ per cent; four years 10⅜-10½ per cent; five years 10⅝-10⅞ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Evidence required before rates move

Interest rates were little changed on the London money market yesterday, with dealers generally sceptical about Press comment of a likely cut in clearing bank base rates around the middle of next month. Despite the change in calculating money supply growth, revealed by the authorities last week, the market will wish to see evidence in next week's sterling M3 and bank lending figures of an improving picture before deciding a reduction in base rates is imminent. Three month interbank closed at 12⅝-12 11/16 per cent compared with 12 9/16-12 11/16 per cent on Friday, and discount houses offered to buy three-month bank bills at an unchanged rate of 12 per cent.

The Bank of England forecast a money market shortage of £950m in the morning, but changed this to £1,050m after lunch. Total help provided during the day was £1,020m.

An early round of assistance was offered, and at that time the authorities bought £121m bills outright, by way of £5m bank bills in band 1 (up to 14 days maturity) at 12⅛ per cent; £35m bank bills in band 2 (15-33 days) at 12⅛ per cent; £69m bank bills in band 3 (34-63 days) at 12⅛ per cent; £10m local authority bills in band 4 (64-91 days) at 12 per cent; and £2m bank bills in band 4 at 12 per cent.

Another £212m bills were purchased before lunch, through £42m bank bills in band 1 at 12⅛ per cent; £18m bank bills in band 2 at 12⅛ per cent; £114m bank bills in band 3 at 12⅛ per cent; and £38m bank bills in band 4 at 12 per cent.

In the afternoon £151m bills were bought outright, by way of £10m bank bills in band 1 at 12⅛ per cent; £105m bank bills in band 2 at 12⅛ per cent; £8m bank bills in band 3 at 12⅛ per cent; and £28m bank bills in band 4 at 12 per cent.

Another £476m bills were purchased for resale to the market in equal amounts on June 5 and 6 at a rate of 12⅛ per cent.

The Bank of England also provided late assistance of around £60m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £739m, with the unwinding of repurchase agreements absorbing £626m, and bank balances below target another £140m. These were partly offset by Exchequer transactions adding £320m to liquidity and a fall in the note circulation of £225m.

UK clearing banks base lending rate 12½-12¾ per cent since April 19

MONEY RATES

May 28	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.90-6.00	10⅛	1⅛-1⅝	7⅛-7⅜	6.03125	14⅞-15¼	10.0	12⅞-13⅛
One month	5.70-5.85	10 1/16-10 3/16	5⅜-5½	7 1/16-7 3/16	6.34375	14¼-14⅝	8⅞-9⅛	12⅝-12⅞
Two months	5.70-5.85	10⅛-10¼	—	—	—	—	—	12⅛-12¾
Three months	5.70-5.85	10⅛-10¼	5 5/16-5 7/16	6 15/16-7 1/16	6.34375	14⅞-15¼	9-9¼	12⅛-12¾
Six months	5.75-5.90	10 5/16-10 7/16	—	6 15/16-7 1/16	—	—	9-9¼	12⅛-12¾
Lombard	6.0	—	—	—	—	—	—	—
Intervervention	—	10⅛	—	6⅞	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

May 28 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	12¼-13	12⅝-12 11/16	12¾-12⅞	12-12¾	—	—	—	—	—
2 days notice	—	—	12⅝-12¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅝-12¾	12 11/16	12⅞	12½-12⅝	—	—	—	—	—
One month	12 9/16-12½	12⅝-12¾	12⅝	—	12½	12 5/32	12¼	12 5/32	12¼	12 13/16
Two months	12 11/16-12 9/16	12⅝-12¾	12⅝	—	12¼	12	11 15/16	12⅛	12 3/32	12¾
Three months	12 9/16-12 7/16	12 9/16-12¾	12½	—	12⅛	11 31/32	11 29/32	12	11 31/32	12⅝
Six months	12 9/16-12 7/16	12⅝-12½	12½	—	—	—	—	11⅝	11 25/32	12¼
Nine months	12⅛-12	12 7/16-12⅝	—	—	—	—	—	—	—	—
One year	12-11 15/16	12⅛-12¼	12⅛	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13¼-13	—	12⅝	7.55-7.65	7 7/16-7 9/16	9⅜-9½
Two months	13⅛-12⅞	—	12⅝	7.6-7.7	7 11/16-8 1/16	9⅜-9½
Three months	13 1/16-12 13/16	—	12⅝	7.65-7.75	7 11/16-8 1/16	9⅜-9½
Six months	12 13/16-12 9/16	—	12⅝	7.85-7.95	8-8¼	9 5/16-9 7/16
Nine months	12⅝-12⅜	—	12⅜	8.25-8.35	—	—
One year	12⅜-12¼	—	12¼	8.4-8.5	8 5/16-8 7/16	9 5/16-9 11/16
Two years	—	11¾	—	—	—	—
Three years	—	11 11/16	—	—	—	—
Four years	—	11 11/16	—	—	—	—
Five years	—	11 11/16	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period April 3 to May 7 (inclusive): 12.787 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13½ per cent from May 1, 1985. London and Scottish Clearing Bank Rates for lending 12½-13¾ per cent. Bank Deposit Rates for sums at seven days' notice 6.65-7.25 per cent (net). Treasury Bills: Average tender rate of discount 11.9217 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 12¾ per cent; one-three months 12¾ per cent; three-six months 12½ per cent; six-nine months 12¼ per cent; nine-12 months 12¼ per cent. Under £100,000 11¾ per cent from May 14. Deposits held under Series 5 12¾ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 28)

3 months U.S. dollars	
bid 7 15/16	offer 7 15/16

6 months U.S. dollars	
bid 8 1/8	offer 8 1/4

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	8½-8¾
Fed funds	7¾
Fed funds at intervention	7 9/16

Treasury Bills

One month	6.80
Two month	6.95
Three month	7.18
Six month	7.36
One year	7.56

Treasury Bonds

Two year	100⅛
Three year	101⅜
Four year	104 15/32
Five year	105 23/32
Seven year	107⅝
10 year	105⅛
30 year	104 21/32

FINANCIAL FUTURES

Eurodollars strong

Dollar denominated interest rate contracts closed at or near the day's highs on the London International Financial Futures Exchange yesterday, but sterling based contracts finished at their lows. September Eurodollars opened slightly above the day's low at 91.39, and met with good buying, taking the contract up to around 91.44 before selling set in. It then recovered from 91.41, and closed almost at the peak at 91.52 compared with 91.32 on Friday. Dealers reported a good tone to the market on hopes of low U.S. interest rates to stimulate economic growth. Trading finished in London before the Federal Reserve drained liquidity from the New York banking system by two-day reverse repurchases, when Federal funds were trading at 7 9/16 per cent. This led to a decline in prices in Chicago.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	92.16	92.18	92.07	92.03
Sept	91.52	91.53	91.38	91.32
Dec	91.09	91.10	90.96	90.87
March	90.72	90.72	90.62	90.49
June	90.41	90.32	90.32	90.19

Est volume 5,011 (2,598)
Previous day's open int 19,428 (19,231)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
June	87.33	87.45	87.33	87.48
Sept	88.26	88.37	88.26	88.40
Dec	88.57	88.70	88.60	88.70
March	88.69	—	—	88.83
June	88.94	—	—	88.84

Est volume 1,071 (778)
Previous day's open int 7,494 (7,564)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	105-06	105-16	105-06	105-14
Sept	108-23	108-31	108-23	109-01
Dec	108-29	—	—	109-07
March	108-17	—	—	108-27

Est volume 1,972 (835)
Previous day's open int 3,953 (3,905)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) −10 to par (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.2485	1.2520	1.2490	1.2590
Sept	1.2345	1.2370	1.2370	1.2455
Dec	1.2240	—	—	1.2365

Est volume 32 (25)
Previous day's open int 9,906 (9,907)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3208	0.3219	0.3209	0.3234
Sept	0.3227	0.3234	0.3230	0.3254

Est volume 43 (29)
Previous day's open int 241 (247)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.3810	0.3824	0.3824	0.3847
Sept	0.3835	—	—	0.3874

Est volume 22 (nil)
Previous day's open int 157 (157)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.3977	0.3977	0.3976	0.3983
Sept	0.3994	0.3995	0.3995	0.4001

Est volume 13 (nil)
Previous day's open int 164 (164)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	131.85	131.90	131.05	131.10
Sept	132.45	132.25	131.90	131.70

Est volume 185 (424)
Previous day's open int 1,530 (1,578)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	76-10	76-15	75-17	75-12
Sept	75-10	75-13	74-20	74-11

Est volume 2,379 (1,287)
Previous day's open int 2,691 (3,107)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	76-10	76-16	75-27	75-12
Sept	75-11	75-15	74-28	74-11
Dec	74-12	74-17	73-29	73-13
March	73-20	73-21	73-03	72-18
June	72-27	72-28	72-08	71-25
Sept	72-05	72-06	71-21	71-03
Dec	71-17	71-17	71-06	70-16
March	70-31	70-31	70-15	69-31
June	70-15	70-15	70-03	69-15
Sept	—	—	—	—
Dec	—	—	—	68-20

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	92.88	92.91	92.86	92.83
Sept	92.54	92.55	92.48	92.40
Dec	92.20	92.20	92.10	92.04
March	91.87	91.87	91.85	91.72
June	91.59	91.59	91.59	91.42
Sept	91.35	91.35	—	91.23
Dec	91.14	91.14	—	91.04
March	90.94	90.94	—	90.85

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	92.43	92.45	92.37	92.32
Sept	91.89	91.89	91.82	91.70
Dec	91.42	91.42	91.41	91.24
March	91.04	91.05	91.04	90.87

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	92.12	92.13	92.08	92.00
Sept	91.49	91.51	91.43	91.34
Dec	91.05	91.07	90.98	90.88
March	90.68	90.70	90.61	90.50
June	90.37	90.38	90.37	90.19
Sept	90.11	90.13	90.11	89.93
Dec	89.88	89.88	89.88	89.68
March	89.64	89.64	89.64	89.45

STERLING (IMM) Se per £

	Latest	High	Low	Prev
June	1.2500	1.2525	1.2475	1.2470
Sept	1.2370	1.2395	1.2350	1.2345
Dec	1.2290	1.2300	1.2220	1.2256
March	—	—	—	1.2265
June	1.2125	1.2125	—	1.2170
Sept	—	—	—	1.2605

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	73-17	73-17	72-31	72-28
Sept	73-02	73-02	72-17	72-12
Dec	—	—	—	71-26
March	—	—	—	—
June	—	—	—	70-28
Sept	—	—	—	70-16

STERLING INDEX

	May 28	Previous
8.30 am	79.0	79.4
9.00 am	79.0	79.4
10.00 am	79.1	79.4
11.00 am	79.1	79.4
Noon	79.0	79.3
1.00 pm	79.0	79.0
2.00 pm	79.1	79.1
3.00 pm	79.1	79.0
4.00 pm	79.0	79.1

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 40

Stock	Div	Sales (Hnds)	High	Low	Last	Chng
Karchr		158	17¾	17½	17¾	
Kesler	.50r	20	16¾	16½	16¾	+¼
Kaydon		17	8⅞	8⅞	8⅞	−¼
Kaypro		150	2⅞	2⅝	2⅞	+⅛
Keane	.20	41	17	16½	16¾	−½
vjKelyJ		286	7-16	⅜	⅜	−1-16
KellyS A	.64	111	42	40½	40½	−1
Kemp	1.60	579	59	58½	58⅞	+⅜
Kencop		44	4⅜	4⅛	4⅜	−⅛
Kengtn		30	10½	10½	10½	−½
KyCnLf	.90	275	41⅜	41⅛	41⅜	+¼
Kevex		15	6⅝	6⅝	6⅝	
Kevlin		50	5¾	5⅝	5¾	−¼
KewnS s	.44	68	13½	13	13½	+½
KeyTrn		175	7⅞	7⅜	7⅜	−⅛
KeysFn	1	32	22	21¼	21½	+⅛
Kimbal	.54	49	30½	30¼	30¼	+¼
Kimbrk		13	5	5	5	−¼
Kincaid		23	7½	7¼	7¼	+¼
Kinder s	.06	1331	18⅜	17⅞	18⅜	+⅜
Kroy	.06	86	7⅜	7	7¼	+⅛
Kruger	.32	85	14⅝	14½	14⅝	+⅛
Kulcke	.16	838	15	14⅝	14½	
KustEl		2	6⅞	6⅞	6⅞	+¼
L L						
LCS s		16	7¾	7¾	7¾	
LDBrnk		307	7¾	7⅝	7¾	
LJN		117	13½	13¼	13¼	−⅛
LSI Ltg		50	19⅛	18¾	18⅞	−⅛
LSI Log		1765	15	14¾	14¾	
LTX		3174	14	13½	13¾	+¼
LaPete s		1152	15¼	15	15	+¼
LaZ By	1.40	11	44	44	44	+½
LacldSt	.25e	5	20	19¾	19¾	
LadFrn	.12a	1079	18⅞	18½	18½	−⅛
Laidlw	.16	135	16	15½	16	
LdlT B s	.16	28	9⅞	9¾	9⅞	+⅜
LamRs		146	10⅛	10	10⅛	+⅛
LamaT	.80	128	14¾	14½	14⅝	+⅛
Lancast	.68	32	16	15¾	15¾	+¼
Lance s	.92	247	29	28¼	28¼	−½
LdLnSL	.32	5	9⅞	9⅞	9⅞	+⅛
LndBF	.60	792	17¾	17⅝	17¾	+⅛
LdmkS		176	13¼	13⅛	13⅛	−⅛
LaneCo	.92	139	49	48¾	49	
Langly	.25e	70	7⅞	7⅝	7⅝	+⅛
Larsen	.72	22	39	38	39	+1
Lawsn s	.28	12	28	27¼	28	
LeeDta		406	5⅜	5¼	5¼	−⅛
Lehner		19	10⅝	10½	10½	−⅜
LewisP	.28b	46	9	8¾	9	+¼
Lexicon		322	3	2¾	2 13-16	−1-16
Lexidta		34	2¾	2½	2½	
LbtFGa		5	21½	21½	21½	+¾
LibUB s		4	33	33	33	
Liebrm		39	26¾	26½	26¾	
Liebrt	.07	69	19¼	18¾	18¾	
Lfinvs	.24	11	44	43¼	43¼	−¾
LleCom		38	5¾	5⅝	5⅝	−⅛
Lilly A s	.38	58	14¼	13¾	14¼	+¼
LillyTul	.30	2697	17⅞	17½	17⅝	
LinBrd		223	29⅞	29⅝	29⅞	+⅛
LincTel	2.20	55	32½	32¼	32½	
Lindbrg	.16	17	5⅛	4⅞	4⅞	−¼
LinerCp		3	5⅛	5	5	−⅛
LiqBox	.72	22	50	48	48⅛	
LiqdAir	1.60	4	23¾	23¾	23¾	+½
LizCla s	.35	812	43¼	42¼	43	+½
LocalF	.15e	115	17½	17	17¼	
LondnH		21	8½	8	8½	
LongF	1.28	268	23	22½	23	+½
Lotus		1462	29	28¼	28¾	
LaBnch	.60	11	17¾	17¾	17¾	−¼
Lypho s		1556	22½	21⅜	22⅜	+1
M M						
MCI		41552	10½	7¾	10	+⅛
MIW		18	7¼	7⅛	7¼	
MPS Bc	1	6	39	37	37½	−½
MPSI s		254	5	4¼	4¼	
MTS s	.24	1	19¾	19¾	19¾	+¼
MTV		61	26¼	26	26¼	
MachTc		73	7⅛	6⅞	7	−⅛
MackTr		376	10¾	10⅝	10⅝	
MacGE	2.20	120	26¾	26⅝	26⅝	−⅛
MagmP		1985	10⅝	10⅛	10¼	−¼
MagBk		9	20	19½	19¾	−¼
MagGp	.68	26	13	12½	13	
MajRt		57	9	8⅞	8⅞	−⅛
Mairite	.01e	92	17¼	16⅞	17⅛	+⅛
MgtSci		924	14⅝	14⅛	14¼	+⅛
Manitw	.80	78	22¾	22¼	22¼	−¼
ManfH s		46	23	22¼	23	+¾
MfrsN	2	55	57¼	57	57¼	
Marcus	.28e	5	17¾	17¾	17¾	
Margux		3	7⅜	7⅜	7⅜	
MarnC s	1.40	68	29¼	28¾	29	−¼
Marqst	.05e	22	11	11	11	
MarsSt		634	17	16⅛	16⅝	+⅝
MarshS	.48	2	17¼	17¼	17¼	+¼
Marshll	2.24	12	62½	62	62½	+½
MrldN s	1	496	31⅛	30⅞	31⅛	+⅛
Mascmp		124	6¼	5½	6¼	
Mscoln		125	52¼	50½	52¼	+2¼
Masstor		185	4	3⅞	4	+⅛
MathEx		124	12½	12⅛	12½	+⅛
MatrxS	.10	15	27	27	27	+½
Maxcre		800	30⅝	30⅜	30⅝	+⅛
Maxwel		8	12½	12¼	12¼	−¼
MayPt		44	5	4⅞	4⅞	−⅛
MaySu A	.10a	14	23½	23	23	−1
MaynOl		25	4	4	4	
MaysJ		1	8⅞	8⅞	8⅞	−⅛
McCrm	.88	59	35⅝	35⅜	35⅜	−⅛
McFad		1	10⅝	10⅝	10⅝	+¼
McFarl		59	12¾	12¼	12½	−¼
McGrth		150	9⅛	8⅞	8⅞	
Mechtr s		2	13½	13½	13½	+⅝
Medex	.05	143	8⅞	8¾	8¾	
MedCre		9	5⅞	5¾	5⅞	+⅛
MedclSt		35	11½	11	11¼	−¼
MedShp		10	23¼	23	23	−¼
MedGl		11	4¾	4½	4½	−¼
Medpl s		845	25¼	25	25	−¼